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ABSTRACT

The sources and amounts of funds available for Illinois pre-kindergarten through post-secondary educational programs are explained in this monograph. The publication contains a summary of fiscal year 1984 appropriations and fiscally related legislation, as well as a brief explanation of state revenues and sources of local revenues. Chapter 1 describes state legislative appropriations for the distribution of funds to local school districts. Chapter 2 presents federal education programs, citing the legislation and briefly describing resulting programs, their intended participants, and the funding allocated or expected. Among these are programs directed to aid children categorized as educationally deprived, handicapped, migrant, refugee, or neglected and delinquent. Programs for bilingual education, school breakfast and lunch, vocational education, and adult education are also summarized. Chapter 3 summarizes the state legislation that relates to property tax and to school district accounting. Chapter 4 presents school management practices that include levying procedures, tax rate limitations, interfund transfers, purchasing, and short-term and long-term borrowing. Chapter 5 contains activities of the Illinois Financial Accounting Committee and the Public School Finance Project. Nine appendixes include a recommended reading list for school finance, a glossary, sample computation sheets, and funding levels of districts at various wealth levels. (MLF)

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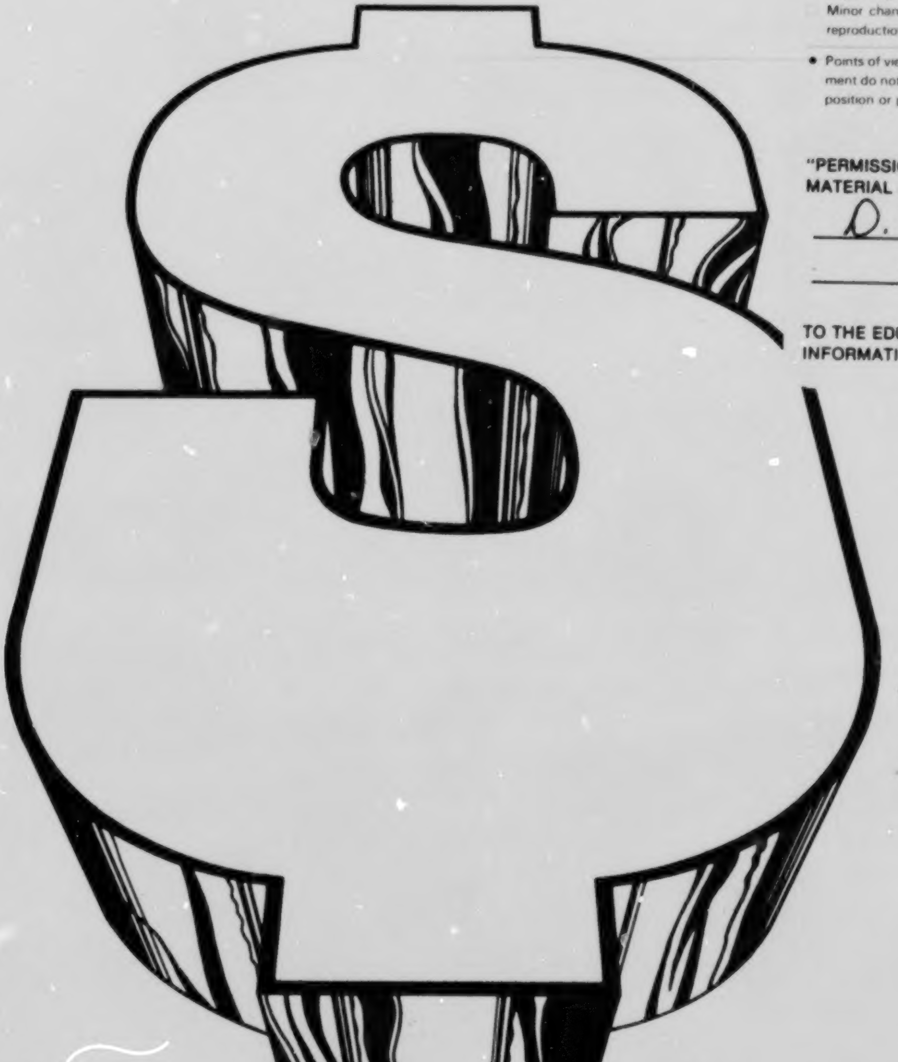

EA 016 380

STATE, LOCAL, AND FEDERAL
FINANCING
FOR
ILLINOIS PUBLIC SCHOOLS
1983-1984

Revised November, 1983

Walter W. Naumer, Jr., Chairman
Illinois State Board of Education

Donald G. Gill
State Superintendent of Education

FOREWORD

This monograph, *State, Local, and Federal Financing for Illinois Public Schools, 1983-1984*, explains the sources and amounts of funds available for pre-kindergarten through post-secondary programs administered by the Illinois State Board of Education. The publication contains a summary of Fiscal Year 1984 appropriations and fiscally related legislation, as well as a brief explanation of state revenues and sources of local revenues. Tax rate limitations, interfund transfers, short- and long-term borrowing, and the required recording of district revenues and expenditures are included.

State programs and their funding are included in Chapter I. Federal programs and their funding are included in Chapter II. Chapter III contains some property tax legislation and legislation affecting school district accounting. Chapter IV presents topics related to school management practices. The activities of the Illinois Financial Accounting Committee and the Public School Finance Project are included in Chapter V.

This abbreviated text is best suited for use by teachers, administrators, board members, legislators, and lay citizens. *State, Local and Federal Financing for Illinois Public Schools* is intended to serve as a source document for obtaining a basic understanding of Illinois school finance, as a discussion guide, as an outline for individual and group analyses, and as supplementary reading in school finance courses. Because much of the information in this document is abbreviated and simplified, further study will be necessary for a complete understanding of the subject. A glossary, a reading list, a General State Aid Entitlement, graphs showing the amount of General State Aid per weighted pupil for each district type (elementary, high school, and unit) at various wealth levels, a Restricted and Unrestricted Cost Rate Computation for Local School Districts, and a Per Capita Tuition Charge and an Operating Expense Per Pupil Computation sheet.

The compilation of this information is primarily the work of Dr. Fred Bradshaw, Assistant Superintendent of the Finance and Reimbursements Department, with contributions by Dr. Louis Audi, Manager, Finance Section, Finance and Reimbursements Department, Mr. Robert Pyle, Manager, Reimbursements Section, Finance and Reimbursements Department, and Dr. Suzanne Langston, Project Director, Illinois Public School Finance Project, all of the Illinois State Board of Education.

Donald G. Gill

November, 1983

Donald G. Gill
State Superintendent of Education

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OVERVIEW

Approximately $2.2 billion (38 percent) of the 1983-1984 revenue for the common schools is provided from state funds. The Illinois General Assembly appropriates the total amount of state money distributed to the school districts with few exceptions: the income earned by permanent school endowments and excess funds which the Governor may transfer from the Vehicle Recycling Fund to the Common School Fund. One cent of the state's share of the Retailer's Occupation and Use Tax, commonly known as the Sales Tax, is earmarked for the Common School Fund. Additional earmarked funds support the Driver Education program.

The estimated combined state, local, and federal revenue for the Illinois common schools during the 1983-1984 school year approximates $5.8 billion. Educational opportunities are provided to an estimated 1,842,000 public school pupils and minimal services to approximately 354,000 nonpublic school pupils. The State share is about $2.2 billion (38 percent), the local share is approximately $3.2 billion (54 percent) and federal efforts are about $.4 billion (eight percent) of the combined state, local, and federal fiscal efforts.

State monies are obtained when a local school district or cooperative (joint agreement) files a claim or an entitlement through a regional superintendent to the Illinois State Board of Education on the basis of pupil attendance, pupil membership, or a preapproved program. Once the claim has been honored, the State Superintendent of Education submits a voucher to the State Comptroller who processes payment to the regional superintendent. Payment is then forwarded to the local school district or cooperative. There are a few exceptions to these procedures. Federal impaction aid, for example, goes from Washington directly to some school districts.

Chapter I presents state education programs. The major emphasis is on state legislative appropriations for the distribution of funds to local school districts or cooperatives. Chapter II presents federal education programs. Chapter III relates to property tax legislation and legislation affecting school district accounting. Chapter IV presents school management practices which include levying procedures, tax rate limitations, interfund transfers, short-term and long-term borrowing, recording of selected district revenues and expenditures, public treasurers' investment pool, State of Illinois cooperative purchasing program, and indirect costs. Chapter V contains activities of the Illinois Financial Accounting Committee and the Public School Finance Project. Nine appendices are included. They include a recommended reading list for school finance; a glossary; a sample General State Aid Entitlement; funding levels for elementary, high school, and unit districts at various wealth levels; a Restricted and Unrestricted Cost Rate Computation for Local School Districts; Instructions for Completing Indirect Cost Rate Computations; and a Per Capita Tuition Charge and an Operating Expense Per Pupil Computation sheet.

Section A: Sources of State Revenue

Projected revenue from the State Sales Tax (Occupational and Use Taxes) for Fiscal Year 1984 are $2.6 billion. During Fiscal Year 1983, Sales Tax revenues were more than $2.4 billion. Other major sources of revenues are: taxes on motor fuel, public utilities, tobacco products, alcoholic beverages, investment income, inheritances, estates, and hotels in addition to collections from license fees, insurance charges, parimutuel betting, realty transfers, private car levies, and the state lottery. Each year, the resources in the General Revenue Fund help determine the level of funding for Illinois public schools. The state revenue is determined, in part, by the United States and Illinois economies. The distribution of these state and federal revenues is depicted in Figures 1 and 2. Figure 1 shows state appropriation amounts (in millions) and the percent of the total state appropriation for Fiscal Year 1984. Figure 2 shows comparable data for Fiscal Year 1984. It should be noted that the total allocation for education is $4.0 billion (approximately 25 percent of the total state appropriation). The common schools receive about 16 percent of the state revenue dollar.

Prior to 1970, most of the State's revenues were derived from sales and gross receipts taxes. The Illinois Income Tax Law, enacted by the Seventy-sixth General Assembly, provided an important source of state revenue. The projected yield from the State Income Tax is $3.7 billion for Fiscal Year 1984. This projected revenue is based on actual receipts during Fiscal Year 1983 ($2.8 billion) and estimated receipts for Fiscal Year 1984.

Most local support is derived from real property taxes. Corporate personal property replacement funds are included. Excluded are bond proceeds, investment income, sales of fixed assets and equipment, sales of food, and fees.

Section B: Percentage of State, Local, and Federal Funding

Table 1 shows state, local, and federal financing for the public schools during the period, 1966-1967 through 1983-1984. The federal appropriation amounts include carryover funds from prior years' authorizations. Table 2 shows property tax extensions for the common school districts for the calendar years 1966 through 1983. Corporate personal property replacement tax funds are shown separately in Table 2.

TABLE 1 -- STATE, LOCAL, AND FEDERAL RECEIPTS OF FUNDS FOR THE COMMON SCHOOLS DURING THE PERIOD 1966-1967 THROUGH 1983-1984
($ in millions)

Year	State	Percent State	Local	Percent Local	Federal	Federal Percent	Total
1983-1984	$2,236[b]	38.3	$3,164[a,c]	54.1	$442[b]	7.6	$5,842[c]
1982-1983	2,103.2	38.11	2,974.6	53.90	441.3	7.99	5,519.1
1981-1982	2,243.3	40.15	2,845.0[a]	50.91	499.6	8.94	5,587.9
1980-1981	2,328.1	43.13	2,596.0[a]	48.10	473.4	8.77	5,397.5
1979-1980	2,218.5	42.34	2,485.0	47.43	536.3	10.23	5,239.8
1978-1979	2,128.9	43.86	2,298.0	47.34	427.0	8.80	4,853.9
1977-1978	2,040.9	44.32	2,134.0	46.35	429.8	9.33	4,604.7
1976-1977	2,000.6	46.88	1,943.0	45.52	324.2	7.60	4,267.8
1975-1976	1,988.1	48.36	1,856.8	45.16	266.5	6.48	4,111.4
1974-1975	1,326.1	34.39	2,310.6	59.93	219.1	5.68	3,855.8
1973-1974	1,325.8	38.10	1,962.5	56.39	191.8	5.51	3,480.1
1972-1973	1,160.3	36.72	1,808.4	57.23	191.2	6.05	3,159.9
1971-1972	995.7	37.42	1,508.6	56.70	156.5	5.88	2,660.8
1970-1971	954.7	39.61	1,301.4	54.00	154.0	6.39	2,410.1
1969-1970	787.0	30.74	1,651.4	64.51	121.6	4.75	2,560.0
1968-1969	516.6	27.94	1,228.3	66.42	104.3	5.64	1,849.2
1967-1968	491.9	27.13	1,230.0	67.84	91.1	5.03	1,813.0
1966-1967	368.6	25.04	1,014.1	68.89	89.4	6.07	1,472.1

[a] Includes estimated local real property tax revenues and corporate personal property replacement funds. Excluded are proceeds from the sale of bonds, investment income, sales of fixed assets and equipment, sales of food, and fees.

[b] Appropriated amount (see detail later).

[c] Estimate

TABLE 2 -- ELEMENTARY AND SECONDARY REAL PROPERTY TAX EXTENSIONS AND CORPORATE PERSONAL PROPERTY (CPP) REPLACEMENT FUNDS
($ in millions)

Tax Year	Collection Year	Property Tax Revenues	CPP Replacement Funds	Total Local Revenues
1982	1983	$2,958[a,d]	$ 206[b]	$3,164[c]
1981	1982	2,780[d]	206.4	2,986.4
1980	1981	2,567[d]	277.9	2,844.9
1979	1980	2,307[d]	288.9	2,595.9
1978	1979	2,485[e]		
1977	1978	2,298[e]		
1976	1977	2,134[e]		
1975	1976	1,943[e]		
1974	1975	1,857[e]		
1973	1974	1,817[e]		
1972	1973	1,749[e]		
1971	1972	1,687[e]		
1970	1971	1,538[e]		
1969	1970	1,445[e]		
1968	1969	1,339[e]		
1967	1968	1,211[e]		
1966	1967	1,074[e]		
1965	1966	933[e]		

[a] Estimated receipts from real property taxes

[b] It is estimated that local school districts will receive $206 million in replacement funds during calendar year 1983 for the loss in corporate personal property (CPP) equalized assessed valuation.

[c] Estimate

[d] Receipts from real property taxes only

[e] Receipts from both real property and corporate personal property taxes

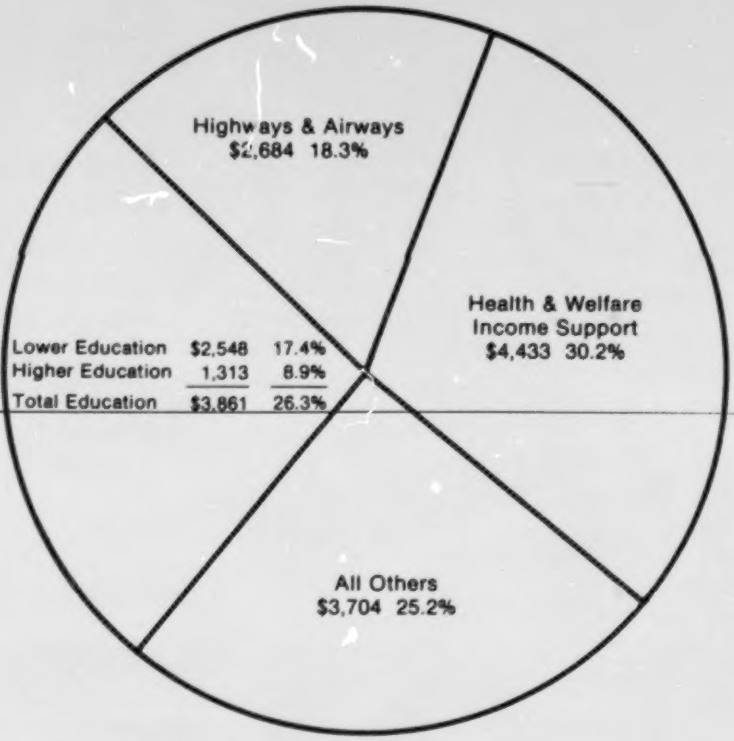

FIGURE 1
State Appropriations
Fiscal Year 1983
Dollars (in millions)
and Percent

Total $14,682

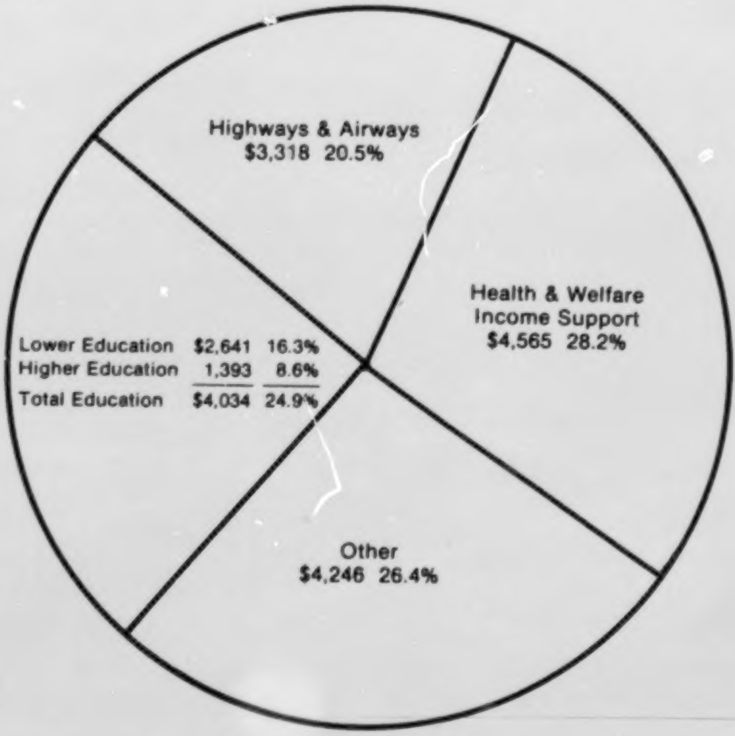

FIGURE 2
State Appropriations
Fiscal Year 1984
Dollars (in millions)
and Percent

Total $16,163

Source: Bureau of the Budget, State of Illinois
Note: The amounts shown include all appropriated funds.

TABLE 3 -- NUMBER OF OPERATING PUBLIC SCHOOL DISTRICTS

School Year	Elementary Districts	High School Districts	Unit Districts	Total Districts
1983-1984	435	125	447	1,007[a]
1982-1983	435	125	448	1,008[a]
1981-1982	437	125	448	1,010[a]
1980-1981	438	125	448	1,011[a]
1979-1980	438	125	448	1,011[a]
1978-1979	438	125	448	1,011[a]
1977-1978	443	126	448	1,017[a]
1976-1977	449	128	448	1,025[a]
1975-1976	453	129	446	1,028[a]
1974-1975	462	132	444	1,038[a]
1973-1974	478	136	441	1,055
1972-1973	509	146	436	1,091
1971-1972	560	161	422	1,143
1970-1971	588	167	419	1,174
1969-1970	637	175	415	1,227
1968-1969	687	199	393	1,279
1967-1968	723	209	383	1,315

[a] One Department of Corrections school district is not included.

TABLE 4 -- PUBLIC AND NONPUBLIC PRE-KINDERGARTEN THROUGH GRADE 12 FALL PUPIL ENROLLMENT

Year	Public	Nonpublic	Total
1983-1984[a]	1,842,000	354,000	2,196,000
1982-1983	1,875,770	353,412	2,229,182
1981-1982	1,919,111	353,259	2,272,370
1980-1981	1,979,545	353,622	2,333,167
1979-1980	2,038,912	353,066	2,391,978
1978-1979	2,106,239	353,152	2,459,391
1977-1978	2,179,282	368,007	2,547,289
1976-1977	2,234,100	372,755	2,606,855
1975-1976	2,265,570	351,921	2,617,491
1974-1975	2,291,315	378,894	2,670,209
1973-1974	2,320,553	389,264	2,709,817
1972-1973	2,354,456	408,822	2,763,278
1971-1972	2,379,865	423,124	2,802,989
1970-1971	2,356,589	448,752	2,805,341
1969-1970	2,324,467	453,356	2,777,823
1968-1969	2,273,397	477,484	2,750,881
1967-1968	2,215,308	527,987	2,743,295
1966-1967	2,158,716	556,997	2,715,713

[a] Estimate, includes all Special Education students, Pre-kindergarten through grade 12.

TABLE 5

ILLINOIS PUBLIC SCHOOLS FINANCE STATISTICS*

1981-1982 Averages

District Type	Per Capita Tuition Charge	Oper. Exp. Per Pupil
Pre-K-8	$2,342.68	$2,593.47
9-12	3,498.89	3,801.09
Pre-K-12	2,427.52	2,840.66
ALL DISTRICTS	2,543.62	2,904.24
Chicago #299	2,773.54	3,366.76

1980-1981 Averages

District Type	Per Capita Tuition Charge	Oper. Exp. Per Pupil
Pre-K-8	$2,139.70	$2,375.22
9-12	3,102.47	3,385.79
Pre-K-12	2,177.21	2,608.89
ALL DISTRICTS	2,288.27	2,654.37
Chicago #299	2,446.10	3,115.54

1979-1980 Averages

District Type	Per Capita Tuition Charge	Oper. Exp. Per Pupil
Pre-K-8	$1,906.31	$2,120.41
9-12	2,739.11	2,963.65
Pre-K-12	2,003.68	2,418.38
ALL DISTRICTS	2,077.27	2,419.65
Chicago #299	2,347.55	3,014.19

1978-1979 Averages

District Type	Per Capita Tuition Charge	Oper. Exp. Per Pupil
Pre-K-8	$1,719.61	$1,896.13
9-12	2,450.29	2,648.71
Pre-K-12	1,833.97	2,179.55
ALL DISTRICTS	1,883.97	2,174.05
Chicago #299	2,185.97	2,747.99

1977-1978 Averages

District Type	Per Capita Tuition Charge	Oper. Exp. Per Pupil
Pre-K-8	$1,567.30	$1,719.34
9-12	2,208.26	2,374.52
Pre-K-12	1,640.29	1,946.44
ALL DISTRICTS	1,697.29	1,948.25
Chicago #299	1,905.78	2,405.46

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*The Operating Expense Per Pupil and Per Capita Tuition Charge rankings by district type for each district are included in Section III of the Illinois Public Schools Financial Statistics. This is a State Board of Education publication which is printed and disseminated annually.

CHAPTER I

State Education Programs

For the last several years, school district consolidation and/or reorganization in Illinois has been minimal. The 1,007 Illinois School Districts represent approximately six percent of the national total. Illinois ranks fourth in pupil enrollment. California, Texas, and New York enroll more public school pupils. Table 4 shows Illinois public and nonpublic fall pupil enrollment data.

State revenues are made available to local school districts through legislative appropriations. Appropriations are made from the General Revenue Fund, the Corporate Personal Property Tax Replacement Fund, and the Driver Education Fund.

Common School Fund Programs

General State Aid

House Bill 687 (1983) amends the General State Aid law. The special equalization computation guarantees each district type (elementary, high school, and unit) access to a guaranteed wealth factor as measured by real property equalized assessed valuation and computed corporate personal property tax replacement assessed valuation per weighted average daily attendance (WADA) pupil. For 1983-1984, the guaranteed wealth per WADA pupil is $92,244.21 in elementary school districts, $159,330.90 in high school districts, and $60,021.91 in unit school districts. These guaranteed amounts, combined with the applicable operating tax rate, generate a $1,752.64 foundation level. The General State Aid appropriation for 1983-1984 is $1,437,000,000 (Senate Bill 374).

The 1983-1984 entitlements are computed using the greater of the 1982-1983 best three months WADA, or the three year average WADA which includes the best six months WADA for Fiscal Year 1981, and the best three months WADA for Fiscal Years 1982 and 1983. The greater of the 1982-1983 E.C.I.A., Chapter 1 count or 85 percent of the E.S.E.A. Title I count is used. The 1981 General State Aid equalized assessed valuations and 1981 operating tax rates are used. In elementary districts with an operating tax rate of 1.28 percent or higher, 1.90 percent was utilized in the entitlement computation. The actual operating tax rate was utilized if it was less than 1.28 percent. In high school districts with an operating tax rate of 1.10 percent or higher, 1.10 percent was utilized in the entitlement computation. The actual operating tax rate was utilized if it was less than 1.10 percent. In unit districts with an operating tax rate of 2.18 percent or higher, 2.92 percent was utilized in the entitlement computation. The actual operating tax rate was utilized if it was less than 2.18 percent.

House Bill 629 (1983) adds Section 17-11.1 to The School Code of Illinois. A school board may amend the certificate of tax levy within 20 days of a change in a school district's assessed valuation resulting from the application of the equalization multiplier by the Illinois Department of Revenue if the school district's operating tax rate is less than that required for full access to general state aid under Section 18-8 of The School Code of Illinois.

No regular pupil weighting changes were made for 1983-1984. Pupils in grades pre-kindergarten through grade six continue to be weighted 1.00, pupils in grades seven and eight continue to be weighted 1.05, and pupils in grades 9-12 continue to be weighted at 1.25.

A district's weighted pupil count includes weightings for federally defined low income pupils, either E.C.I.A. Chapter 1, or E.S.E.A. Title I.

The percent of low income eligibles in a district divided by the state average concentration of 18.58 percent multiplied by .53 provides a weighting for each low income pupil to increase the district's weighted pupil count. A district's low income pupil weighting ranges from zero in a district without low income eligibles to a maximum weighting of .625 in those districts in which the concentration is about 22 percent or more. A district with the state average concentration has a .53 weighting for each low income pupil.

House Bill 609 (1983) also amends the 1983-1984 General State Aid law. The limit of a 35 percent increase in the General State Aid entitlement for 1983-1984 compared to 1982-1983 entitlement was removed for the 1983-1984 school year only. Approximately 40 school districts receive additional General State Aid entitlements during Fiscal Year 1984 per House Bill 609.

House Bill 818 (1983) also amends the 1983-1984 General State Aid law. A school district's entitlement is computed utilizing the 1982 real property equalized assessed valuation if the 1982 equalized assessed valuation is 80 percent or less of the 1981 equalized assessed valuation. The reduced equalized assessed valuation must be as a result of Public Act 81-0121, The Farmland Assessment Act. One school district is receiving additional funds under House Bill 818.

A district's special equalization entitlement amount is computed by obtaining the product of the WADA times the difference between the state guaranteed resource per WADA pupil and the district wealth per WADA pupil times the applicable operating tax rate. For 1983-1984, each special equalization district receives an amount greater than $227.84 per weighted pupil. A sample district entitlement computation is shown in Appendix C. General State Aid per weighted pupil by district type at various wealth levels is shown in Appendices D, E, and F.

The alternate method of claim computation is utilized by those school districts whose wealth, as measured by equalized assessed valuation per WADA, is equal to or greater than 87 percent of the state guaranteed equalized assessed valuation per WADA pupil. In these instances, 13 percent of the resource equalizer foundation level is multiplied times the quotient obtained when 87 percent of the state guaranteed equalized assessed valuation per WADA pupil for that district type is divided by the district's equalized assessed valuation per weighted pupil. For 1983-1984, each alternate method district receives an amount per weighted pupil in excess of $122.68 but no more than $227.84. The flat grant claim computation insures that in no case shall a district receive less than seven percent of the foundation level for each weighted pupil. For 1983-1984, this amount is $122.68.

General State Aid claim calculations include corporate personal property replacement funds in determining a school district's wealth. Cook County school districts have corporate personal property replacement funds divided by the 1976 total tax rate to determine a corporate personal property replacement equalized assessed valuation. The remaining districts in counties other than Cook have corporate personal property replacement funds divided by the 1977 total tax rate.

For the 1983-1984 school year, the sum of the district's 1981 real property equalized assessed valuation and the computed 1981 corporate personal property equalized assessed valuation is utilized in computing General State Aid Entitlements.

Public universities which operate a laboratory school are eligible to file a claim for General State Aid. The State Board of Education shall calculate the difference in the amount of aid the various school districts would be paid when counting and not counting the students attending such laboratory schools. Illinois State University will receive General State Aid funds in the amount of $1,257,842.82 for operating two laboratory schools. The University of Illinois will receive $382,926.08 for operating one laboratory school.

House Bill 754 (1983) permits regional superintendents who operate State Board of Education approved alternative schools to be eligible to receive state funding. For any alternative school operated by a regional superintendent to be eligible for state aid under this provision, every school district that sends students to such school must approve the application of the regional superintendent for General State Aid for such students.

During 1983-1984, some 670 Illinois school districts, almost 66 percent, are being reimbursed under the Special Equalization Resource Equalizer Formula. There are 258 districts (26 percent) being reimbursed under the Alternate Method Formula, and 79 districts (eight percent) being reimbursed under the Flat Grant Formula.

The Special Equalization Formula districts with 84 percent of the TWADA or CWADA pupils receive 96 percent of the General State Aid funds; the Alternate Method Formula districts with 13 percent of the pupils receive about 3.5 percent of the funds; and the Flat Grant districts with less than three percent of the low income pupils receive the remainder, which is less than one-half of one percent of the funds.

Interest Payments

House Bill 497 (1982) provided for compensation to school districts for the delay of the final 1981-1982 and 1982-1983 General State Aid payments. Each district received an amount equal to the ratio of their net General State Aid Entitlement to the state total net General State Aid Entitlement times the amount appropriated for such compensation. Senate Bill 328 (1983) appropriated $1,412,450 for this purpose. The interest payment vouchers were dated July 5. Districts shall record the revenue in Account Number 3290, Other Grants-in-Aid.

Additional General State Aid Payments

Senate Bill 668 (fall, 1983) was considered during the regular session by the Illinois General Assembly. However, the bill did not clear both houses prior to adjournment of the regular session. During the fall override session, the General Assembly passed the bill and the Governor signed it into law.

The law provides supplementary state aid during 1983-1984 only, through a separate appropriation for unit districts with an operating tax rate between 2.07 percent and 2.18 percent and elementary districts with an operating tax rate between 1.23 percent and 1.28 percent, if each district's operating tax rate for the previous year was equal to or greater than the minimum amount required for full access. The following districts will receive the supplementary state aid this year from the $1,000,000 appropriation contained in Senate Bill 374 (1983).

District	Net Claim Per SB 668	Net Claim Prorated at 85.508619%
Mulberry Grove Community Unit District Number 1	$ 145,782.56	$124,656.65
Virginia Community Unit District Number 64	47,074.92	40,253.11
Edwards County Community Unit District Number 1	240,337.40	205,509.19
Galva Community Unit District Number 224	29,483.33	25,210.78
Madison Community Unit District Number 12	689,046.91	589,194.49
Taft Elementary District Number 90	17,747.62	15,175.74
TOTAL	$1,169,472.74	$999,999.96

General State Aid Payment Schedule

Section 18-11 of The School Code of Illinois provides for semimonthly General State Aid payments to be made during the months of August through May in the amount equal to 1/24 of the total amount to be distributed to school districts. Each semimonthly warrant for June shall be in the amount of 1/12 of such total. Section 8 1/2 of "The State Finance Act" provides that on or before the eleventh and twenty-first days of each month the State Treasurer and State Comptroller shall transfer from the General Revenue Fund to the Common School Fund 1/24 or as much as necessary of the amount appropriated. On or before the same days in June, 1/12 or as much as necessary from the amount appropriated shall be transferred. The Governor has the authority to advance payments when deemed necessary or essential.

The Fiscal Year 1984 payment schedule is as follows:

MONTH	NUMBER OF PAYMENTS	VOUCHER DATES[a]	PROBABLE DATES COMPTROLLER WILL RELEASE WARRANTS
August, 83	2 for July	August 10 and 19	August 11 and 22
September, 83	2 for August	September 9 and 20	September 12 and 21
October, 83	2 for September	October 7 and 20	October 11 and 21
November, 83	2 for October	November 10 and 18	November 14 and 21
December, 83	2 for November	December 9 and 20	December 12 and 21
January, 84	2 for December	January 10 and 20	January 11 and 23
February, 84	2 for January	February 10 and 17	February 14 and 23
March, 84	2 for February	March 9 and 20	March 12 and 21
April, 84	2 for March	April 10 and 20	April 11 and 23
May, 84	2 for April	May 10 and 18	May 11 and 21
June, 84[b]	2 for May and June	June 8 and 20	June 11 and 21
July, 1983[c]	Interest Payment	July 5	July 6

[a] Vouchers will be hand-carried to the State Comptroller's office on or before the listed voucher dates for processing.

[b] The scheduled payments to be made during June, 1984, shall be equivalent to double the previous monthly payments.

[c] House Bill 497 (1982) amended Section 18-11 of The School Code of Illinois to alter the payment schedule of General State Aid for Fiscal Years 1982 and 1983. The law provided that double general state aid payments shall be resumed in June, 1984.

Requirements for Participation in General State Aid Funding

The General State Aid law requires all school districts, except Chicago, with more than 1,000 pupils in average daily attendance (ADA) and with a low income pupil weighting factor in excess of .53 to submit a plan to the State Board of Education, prior to October 30 per Senate Bill 331 (1983) of each year, for the use of the funds generated by the low income pupils. Priority for the improvement of instruction is to be given to meeting the needs of educationally disadvantaged children. Such plans shall be submitted in accordance with rules and regulations promulgated by the State Board of Education.

For the Chicago public school district, a portion of the General State Aid funds generated by Chapter 1 eligible pupils must be distributed to attendance centers in proportion to the number of Chapter 1 pupils enrolled. The remaining Chapter 1 generated funds are to be distributed to attendance centers in proportion to the district's total enrollment. Chicago must submit its plan to the State Board prior to October 30 each year.

Any school district which fails to meet the standards as established for recognition by the State Superintendent of Education for any given year is ineligible to file any claim upon the Common School Fund for such school year. In case of nonrecognition of one or more attendance centers in a school district otherwise operating recognized schools, the claim of the district shall be reduced in the proportion that the average daily attendance (ADA) in the attendance center, or centers, bears to the ADA in the school district.

Resident pupils enrolled in nonpublic schools may be enrolled concurrently in public schools on a shared-time or dual-enrollment plan and may be included as claimable pupils by public school districts. Dual-enrolled pupils are counted as one-sixth ADA for each class hour (40 minutes or more) in attendance in a public school district. Exceptional children attending approved private institutions, either intrastate or interstate, may be included as claimable pupils on the basis of days attended if the district pays the tuition costs. Local school boards may send eligible children to an out-of-state public school district and claim them for General State Aid. Pupils are nonclaimable for General State Aid if the district is claiming full reimbursement of tuition costs under another state or federally funded program or is receiving tuition payments from another district or parents or guardians of the child. For handicapped children below the age of six years who cannot attend two or more clock hours because of handicap or immaturity, a session of not less than one clock hour may be counted as one-half day of attendance. Furthermore, handicapped pupils less than six years of age may be claimed for General State Aid for a full day provided the child's educational needs require four or more clock hours of instruction.

Foreign exchange students and/or nonresident pupils of eleemosynary institutions attending a public school district on a tuition-free basis may be claimed for General State Aid purposes. Any cultural exchange organization or eleemosynary institution desiring to negotiate a tuition-free agreement with a public school district must obtain written approval from the State Board of Education.

A session of not less than one clock hour of teaching of hospitalized or homebound pupils on-site or by telephone to the classroom may be counted as one-half day of attendance; however, these pupils must receive four or more clock hours of instruction to be counted for a full day of attendance. If the attending physician for such a child has certified that the child should not receive as many as five hours of instruction in a school week, reimbursement shall be computed proportionately to the actual hours of instruction.

Illinois law requires every school district to report to the Illinois State Board of Education by October 15 of each year the number of children who have received, the number who have not received, and the number exempted from necessary immunizations and health examinations. If less than 90 percent of those enrolled in the district on October 15 fail to have the necessary immunization or health examination, then ten percent of each General State Aid payment shall be withheld by the regional superintendent until the district complies with the law.

House Bill 1092 (1983) amends Section 27-8.1 of The School Code of Illinois. The bill provides that during a child's exclusion from school for noncompliance with rules and regulations promulgated by the Illinois Department of Public Health for health examinations and immunizations that the child's parents or legal guardian shall be considered in violation of the compulsory attendance law (Section 26-1). The parents or legal guardian are subject to any penalty imposed under Section 26-10.

Boards of education may establish and maintain programs with local tax revenues for children below age three that are handicapped. However, no school district is eligible for state reimbursement, under Articles 14 or 18 of The School Code of Illinois, for programs provided to handicapped children under age three.

Open Campus

Secondary schools, with Illinois State Board of Education approval, may adopt an "open" scheduling plan. However, an average of five clock hours of school work per day must be scheduled for each calendar month exclusive of travel time. Example computations of days of pupil attendance allowable are:

> A school is in session 20 days during the month. The minimum hours of attendance would be 100 (5 times 20). If an "open campus" pupil attends class 100 or more clock hours during the month, the district may claim 20 days of pupil attendance for the month.
>
> In the same district, if the pupil attends 90 clock hours during the month, the district may claim the pupil for 18 days of pupil attendance for the month (90 divided by 5).

Section 10-19 of The School Code of Illinois permits a board of education to initiate experimental program(s) at the high school level. These experimental programs must receive preapproval by the Illinois State Board of Education.

Act-of-God-Days

Section 18-12 of The School Code of Illinois allows the State Superintendent of Education to waive the .56818 percent daily penalty due to a district's failure to conduct school for the minimum school term. This waiver is applicable only in situations whereby the district was unable to conduct school due to an Act of God. The Department of Recognition and Supervision, Public School Approval Section, is the approving unit within the Illinois State Board of Education.

Hazardous Threat or Adverse Weather

House Bill 498 (1981) extended the Act of God law by providing that a district's General State Aid claim shall not be reduced when the minimum school term is not conducted because pupil health and safety are threatened by conditions beyond school district control.

Also, if adverse weather conditions occur after a school district has been in session one clock hour or more, the district may claim a full day of pupil attendance. The reasons for closing shall be certified in writing by the district superintendent within one month of the closing and sent to the respective Educational Service Region Superintendent. The Regional Superintendent forwards the certification to the State Superintendent for approval.

The State Superintendent may approve exceptions to the minimum term only when the school district has first used all emergency days contained in the district's regular school calendar.

School Calendar

When the State Superintendent of Education declares that an energy shortage exists during any part of the school year for the State or a designated portion of the State, a district may operate the attendance centers in the district four days a week during the shortage. The General State Aid entitlement shall not be reduced if a district extends each school day by one clock hour of school work. District employees shall not suffer any reduction in salary or benefits as a result of extended school days. A district may operate all attendance centers on this revised schedule or may apply the schedule to selected attendance centers. The district must take into consideration such factors as pupil transportation schedules and patterns and sources of energy for individual attendance centers.

The State Superintendent will seek counsel from appropriate individuals in energy resource and other related fields prior to declaring an energy shortage. Regional and local superintendents in affected areas will be notified by the School Approval Section, Department of Recognition and Supervision of the State Board of Education, if an energy shortage is declared. School districts should notify their regional superintendent of their decision to follow a four-day-week schedule. The decision to operate a four-day-week schedule during a declared energy shortage is made by the local Board of Education. Notation and documentation of such action should be included when filing the General State Aid entitlement. Information regarding filing procedure for a General State Aid entitlement can be secured from the Reimbursements Section, Department of Finance and Reimbursements, Illinois State Board of Education.

School districts are permitted to count a day of pupil attendance that is less than five clock hours when it is preceded by a day, or days, utilized as approved institute(s) or workshop(s). Parent-teacher conference days are permitted. The law allows, in lieu of four partial parent-teacher conference days, two full days for such conferences. Any full-day parent-teacher conferences are not considered in computing a district's average daily attendance. The General State Aid Entitlement Form (calendar section) has a line available for districts to include Illinois State Board of Education approved full-day parent-teacher conferences.

House Bill 1301 (1982) amended Section 3-11 of The School Code of Illinois, which relates to institutes or inservice training workshops. The new language in the law provided that the regional superintendent may arrange for or conduct district, regional, or community institutes, or equivalent professional educational experiences to a maximum of four days each school term. Of the four days, two may be a teachers' workshop and up to two days may be used for parent-teacher conferences. Regional superintendent approval is required.

House Bill 873 (1983) amends Section 3-11 of The School Code of Illinois which relates to institutes or inservice training workshops. The definition of equivalent professional educational experience is expanded to include visitations to other institutions or facilities. The bill does not increase or decrease the number of required days in the school calendar.

House Bill 1178 (1983) adds new sections to The School Code of Illinois. School districts may develop and maintain before school and after school programs for students in kindergarten through the sixth grade. Such programs may include time for homework, physical exercise, afternoon nutritional snacks and education offerings which are in addition to those offered during the regular school day. The chief administrator in each district shall be a certified teacher or a person who meets the requirements for supervising a day care center under the Child Care Act of 1969. Individual programs shall be coordinated by certified teachers or by persons who meet the requirements for supervising a day care center under the Child Care Act of 1969. Additional employees who are not so qualified may also be employed for such programs.

The schedule of these programs may follow the work calendar of the local community rather than the regular school calendar. Parents or quardians of the participating students shall be responsible for providing transportation for the students to and from the programs. The school board may charge parents of participating students a fee, not to exceed the actual cost of before and after school programs.

House Bill 1143 (1983) amends Section 10-19 of The School Code of Illinois. The bill provides that in the event a school board fails to provide the minimum school term, the penalty provided in Section 18-12 shall be the exclusive penalty imposed by the state.

School District Reorganization

House Bill 814 (1983) amends Section 18-8 of The School Code of Illinois. The bill is an incentive to school district reorganization by providing additional General State Aid to a new school district in the event that a greater amount of General State Aid would be allocated under the previous school district organization. The Governor exercised his amendatory veto power to make technical changes and to require the supplementary state aid payments be treated as separate from all other payments made pursuant to Section 18-8. The General Assembly concurred with the Governor's recommendation during the fall 1983 override session.

House Bill 1262 (1983) adds a new Section 18-8.2, to The School Code of Illinois. The bill sent to the Governor provided that the first year after the formation of a new school district, a computation shall be made of the difference between the deficit on June 30 prior to the creation of the new district of the previously existing district with the smallest such deficit and the deficits of each of the other previously existing districts and the new district shall be paid supplementary state aid equal to the sum of the differences. Any deficit because of a delay in the collection of property taxes or because of state aid not yet received shall not be considered in determining such June 30 deficits. Such supplementary state aid payments shall be treated as separate from all other payments made pursuant to Section 18-8 of "The School Code."

The Governor exercised his amendatory veto power and recommended that a computation be made totalling each previously existing district's audited fund balances in the educational fund, operations, building and maintenance fund, and transportation fund for the year ending June 30 prior to the referendum for the creation of the new district. The new districts would be paid supplementary state aid equal to the sum of the difference between the negative fund balances and the fund balance of the district with the least balance. The same basis of accounting shall be used by all previously existing districts in making this computation. The General Assembly concurred with the Governor's recommendations during the fall 1983 override session.

House Bill 929 (1983) adds a new Section, 18-8-2, to The School Code of Illinois. This bill provides supplementary state aid for new school districts as an incentive to consolidation by having the state pay the difference in salaries in the previous existing districts with the lower schedule compared to the previous existing districts with a higher salary schedule.

The Governor exercised his amendatory veto power to make some technical changes in the bill. The General Assembly concurred with the Governor's recommendations during the fall 1983 override session.

Senate Bill 513 (1983) amends Section 18-8 of The School Code of Illinois to clarify how General State Aid entitlements are computed. For newly created school districts or a district which has annexed an entire school district, the General State Aid entitlements shall be computed using attendance, compensatory pupil counts, equalized assessed valuation, and tax rate data which would have been used had the district been in existence for three years. General State Aid entitlements shall not be recomputed except as permitted under this act.

Handicapped Children

Exceptional children from three to 21 years of age, including physically handicapped, maladjusted, educable mentally handicapped, trainable mentally handicapped, and speech defective children, qualify as claimable pupils for General State Aid purposes. Kindergarten and pre-kindergarten pupils are eligible to be claimed for one-half day of pupil attendance when in attendance one clock hour or more if prior approval is obtained from the State Superintendent of Education. An exception exists when the district claims full reimbursement of tuition costs under another state or federal program. Districts may claim, for a full day, handicapped pupils less than six years of age when the pupil's educational needs require four or more clock hours of instruction.

Summer School

Senate Bill 374 (1983) contains $3.17 million to honor approved summer school programs for severely and profoundly handicapped children served. These are pupils defined in Sections 14-7.02 and 14-7.02a of The School Code of Illinois.

House Bill 627 (1983) amends Section 18-4.3 of The School Code of Illinois. The bill provides that for each fiscal year the money appropriated by the General Assembly for the purposes of this Section shall only be used for grants for approved summer school programs for those handicapped children served pursuant to Section 14-7.02 and 14-7.02a of The School Code of Illinois.

Regional Superintendents

The General Assembly determines salaries of regional superintendents according to the population of the region served as documented by the 1980 Federal Census. Senate Bill 310 (1983) increases the salaries of regional and assistant regional superintendents beginning with their new term starting at noon on August 1, 1983.

Population of Region	New Annual Salary	Old Annual Salary
Less than 48,000	$36,000	$31,000
48,000 to 99,999	40,500	35,500
100,000 to 999,999	44,000	39,000
1,000,000 and over	46,000	41,000

Assistant regional superintendents receive annual salaries based on qualifications and computed as a percent of the salary of the respective regional superintendent. The salary of an assistant regional superintendent without a bachelor's degree, but possessing a valid state certificate for teaching and supervising was increased from 55 percent to 65 percent of the regional superintendent's salary. With a bachelor's degree and a valid state supervisory certificate, the salary was increased from 60 to 70 percent of the regional superintendent's salary. With a master's degree plus a valid state certificate for supervising, the salary was increased from 75 percent to 85 percent of the regional superintendent's salary. Some county boards of supervisors do provide additional compensation for the superintendent and/or assistants. Senate Bill 374 (1983) contains $3,773,000 to pay Fiscal Year 1984 salaries. An appropriation bill, House Bill 541 (November 1983), provides additional funds in the amount of $736,400 to meet the additional salary costs per Senate Bill 310.

Senate Bill 513 (1983) amends Section 18-5 of The School Code of Illinois. The State Board of Education shall request an appropriation and present vouchers to the State Comptroller. Such payments shall be made either monthly, at the end of the month, or semimonthly on or around the 15th of the month, and at the end of the month, at the option of the regional superintendent or assistant regional superintendent. The compensation for regional superintendents and assistant regional superintendents is authorized by Section 3-15.10.

Regional Superintendent Tax Shelter

House Bill 2439 (1982) required the Illinois State Board of Education to pick up (tax shelter) the required contributions to Regional Superintendents to the Downstate Teachers' Retirement System for calendar year 1982 and thereafter.

Institutes or Inservice Training Workshops

House Bill 873 (1983) amends Section 3-11 of The School Code of Illinois which relates to institutes or inservice training workshops. The definition of equivalent professional educational experience is expanded to include visitations to other institutions or facilities. The bill does not increase or decrease the number of required days in the school calendar.

Municipal Retirement Fund (MRF) - Collections and Remittances

House Bill 1584 (1983) amends Section 7-132 of "The Pension Code." The bill provides that the Boards of Control of cooperatives or joint educational programs or projects created and administering by regional superintendents under Section 3-15.14 of The School Code of Illinois which act as their own administration district shall be included in and subject to "The Pension Code." This means that regional superintendents shall collect and remit Municipal Retirement (MRF) contributions for joint agreements they administer.

Collective Bargaining Agreements

House Bill 355 (1983) adds a new Section, 10-20.2a, to The School Code of Illinois. Each school board shall file with the regional superintendent a copy of any agreement entered into with an employee bargaining representative recognized under Section 3-14.24, The School Code of Illinois. If a school board has not entered into such an agreement, it shall keep on file with the regional superintendent current copies of its written policies and salary schedules.

Teacher Vacancies

House Bill 834 (1983) amends Section 3-14 and 10-20 of The School Code of Illinois. New Sections, 3-14.25 and 10-20.27, are added. The duties of a school board are expanded by requiring that they file with the regional superintendent a list of all unfilled teaching positions in the district by August 1 of each year, and to report to the regional superintendent no less frequently than by the first day of every month other than August, all teaching positions which, subsequent to the filing of such list, become vacant or are filled. Regional superintendents shall maintain, and make available to the public during regular business hours, a list of unfilled teaching positions within the regions.

Computer Literacy and High Tech Competency

Senate Bill 124 (1983) authorizes the State Board of Education to make grants to qualifying school districts and educational service regions for staff development, hardware, software, and teacher training necessary for implementation of programs designed to achieve computer literacy and high-tech competency.

The State Board of Education shall adopt rules regarding the procedure by which application may be made for such grants including assurances that students and teachers in nonpublic schools shall have an opportunity to equitable participation in all services and activities funded under this Section, and shall establish standards by which to evaluate the programs by applicant school districts and educational service regions.

Alternative Schools

House Bill 754 (1983) amends Section 18-8 of The School Code of Illinois. Regional superintendents who operate State Board of Education approved alternative schools are eligible to receive state funding. For any alternative school operated by a regional superintendent to be eligible for General State Aid under this provision, every school district that sends students to such school must approve the application of the regional superintendent for General State Aid for such students.

School Building Surveys

House Bill 1614 (1983) amends The School Code of Illinois relating to school buildings. All school districts, except the Chicago Public School District, shall within two years from July 1, 1983, and every ten years thereafter shall again survey its school buildings and implement recommendations. The survey may be waived or modified by the regional superintendent if a school district can demonstrate that such survey is not necessary, or that a complete survey is not needed.

High School Equivalency Testing

Senate Bill 62 (1981) expanded the population eligible for High School Equivalency Testing to include females, 17 years of age or older, who are unable to attend school because they are pregnant or mothers of one or more children and males, 17 years of age or older, who are unable to attend school because they are the fathers of one or more children.

General State Aid Funds Generated by E.C.I.A. Chapter 1 Pupils

House Bill 858 (1981) required the Cook County Regional Superintendent of Schools to withhold General State Aid funds for the Chicago Public School District when he or she is notified by the Illinois State Board of Education. The Chicago School District must annually submit a plan prior to October 30. A modified plan may be submitted after October 30 if the original expenditure plan is rejected by the Illinois State Board of Education.

Compulsory School Age Exemptions

Senate Bill 62 (1981) amended Section 26-1 by providing that compulsory school age exemptions do not apply to pregnant females or to mothers of one or more children, except when the females are unable to attend school because of complication(s) arising from pregnancy. The existence of any such complication must be certified to the county or district truant officer by a competent physician.

General Educational Development (G.E.D.)

House Bill 290 (1981) amended the High School Equivalency Testing Program. The $5 fee was increased to $10. The law established a reexamination fee of $2. The fee for the high school equivalency certificate was increased from $5 to $10. House Bill 290 also provided that the Regional Superintendent may waive any of the required fees if a hardship exists.

Regional Superintendent Office Expense

House Bill 1678 (1981) provided that beginning with the 1981 equalized assessed valuation Educational Service Regions comprised of two or more counties shall consider corporate personal property replacement funds in determining county wealth. The quotient obtained by dividing county replacement funds by the total county tax rate shall be added to the county real property equalized assessed valuation to determine the county wealth.

Special Education Orphanage Act

House Bill 874 (1981) amended Section 14-7.03 of The School Code of Illinois to permit regional superintendents to operate special education classes for children from orphanages, foster family homes, children's homes or State housing units located within the educational service region upon consent of the school board otherwise so obligated. In electing to assume the powers and duties of a school district in providing and maintaining such a special education program, the regional superintendent may enter into joint agreements with other districts and may contract with public or private schools or the orphanage, foster family home, children's home or State housing unit for provision of the special education program. The regional superintendent exercising the powers granted under this Section shall claim the reimbursement authorized by this Section directly from the State Board of Education.

Supervisory Expense Fund

Section 18-6 of The School Code of Illinois provides that annually each regional superintendent shall receive $1,000 in supervisory expense monies for each county within the educational service region. The Fiscal Year 1984 appropriation is $102,000 (Senate Bill 374).

Senate Bill 513 (1983) amends Section 18-6 of The School Code of Illinois. The State Board of Education shall annually request an appropriation from the common school fund as a regional supervisory expense fund, aggregating $1,000 per county per year. The State Board of Education shall present vouchers to the Comptroller as soon as may be after the first of each month beginning in August, payable to the regional superintendent of schools in each region. Such payment shall equal one-sixth of the aggregate of $1,000 per county in August, and one-twelfth of the aggregate each month thereafter.

Each regional superintendent of schools may draw upon this fund for the expenses necessarily incurred in providing for supervisory service in his region. The regional superintendents of schools shall submit a certified statement of the expenditures made from this expense fund within the report to the State Board of Education required by Section 3-15.8.

Orphanages and Children's Homes or State-Owned Housing Pupil Tuition Claims

Section 18-3 of The School Code of Illinois authorizes eligible districts to file a claim for the annual tuition cost, for the preceding school year, of pupils from orphanages, children's homes, or state-owned housing who attend grades kindergarten through 12 of the public schools maintained by the school district. The previous year's per capita tuition charge multiplied by the average daily attendance of the pupils during the regular school term is the amount to be certified to the regional superintendent on or before September 15. The Fiscal Year 1984 Section 18-3 appropriation is $1,375,000 (Senate Bill 374).

House Bill 1118 (1983) amends Section 18-3 of The School Code of Illinois. The amendment provides that any child who is not a resident of Illinois who is placed in a child welfare institution, private facility, state operated program, orphanage or children's home shall have the payment for his or her educational tuition and any related services assured by the placing agent.

Teachers' Retirement

The State contributes to the Downstate Teachers' Retirement System and to the Chicago Teachers' Retirement System. The following amounts were appropriated in Senate Bill 374 (1983).

Retirement Systems	Amount
Downstate Teachers' Retirement	$166,781,000[a]
Chicago Teachers' Retirement	$ 47,153,500[a]

House Bill 543 (1983) appropriates the following amounts to the Downstate Teachers' Retirement System for the following purposes:

> For supplementary payments to teachers pursuant to Section 16-135 and 16-147, The Illinois Pension Code ($11,128,100).

House Bill 543 (1983) appropriates to the Chicago Teachers' Retirement System for the following purposes:

> For supplementary payments to teachers pursuant to Sections 17-154, 17-155, and 17-156, The Illinois Pension Code ($500,000).

House Bill 2439 (1982) required each Downstate Teachers' Retirement members' employer to tax shelter employees' contributions for all contributions earned beginning July 1, 1983.

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[a] The Downstate and Chicago Teachers' Retirement appropriations are vouchered bimonthly on General State aid payment schedule by the State Board of Education personnel. House Bill 628 (1983) clarifies these payment dates.

Senate Bill 451 (1983) amends Section 16-133.2 of the "Illinois Pension Code." The bill liberalizes the "early out" monetary contributions payable by eligible members. The employee contribution shall be at the rate of seven percent for the lesser of the following periods:

For each year the member is less than age 60, or
For each year the member's creditable service is less than 35 years.

The employer contribution remains at 20 percent for each year the member is less than 60.

House Bill 610 (1983) amends Section 24-6 of The School Code of Illinois. The amendment effects all school districts but Chicago. The amendment provides that school boards shall allow unused sick leave to accumulate to a minimum of 180 days. Prior to House Bill 610, the minimum was 90 days.

House Bill 564 (1983) amends Section 16-127 of "The Pension Code." The bill allows pension system members to obtain up to one full year of service credit for unused sick leave from their last employer. The Governor exercised his amendatory veto power to make one technical change in the legislation. The General Assembly concurred with the Governor's recommendation during the fall 1983 override session.

House Bill 1108 (1982) amended the means for determining the amount of employee and employer contributions for early retirees. The contribution shall be based on the highest, rather than last, full-time annual salary during the fiscal years which were considered in determining the final rate of earnings. The bill also provided that the employer shall pay the employer contribution from the same source of funds which is used in paying earnings to employees. The bill extends the early retirement sunset provision from before June 30, 1985, to before June 30, 1990.

Categorical Programs

Regular Pupil Transportation

The State reimburses the "allowable costs" of transporting "eligible" pupils less a qualifying amount (the district's equalized assessed valuation multiplied by a qualifying tax rate of .06 percent in elementary districts, .05 percent in high school districts, and .07 percent in unit districts). The claim for a district is the amount computed in the formula, or $16 multiplied by the average daily membership of eligible transported pupils, whichever is greater. If the claim amount, as computed by the formula, exceeds four-fifths of the cost to transport eligible pupils, then those districts with a transportation fund tax rate less than .12 percent shall have their claim reduced. The amount of reduction is computed by subtracting the respective district's transportation tax rate from .12 percent and multiplying the difference by the district's equalized assessed valuation. This reduction cannot, however, decrease the reimbursement below the four-fifths level for those districts whose claim computation is 80 percent or more of the allowable costs. The law provides that the State Board of Education shall, if necessary, adjust each school district's pupil transportation allowable costs to conform to the annual appropriation.

School boards may provide free transportation for pupils residing less than one and one-half miles from the assigned attendance center when conditions are such that walking constitutes a serious hazard to the safety of the pupils due to vehicular traffic. Such transportation shall not be provided if adequate public transportation is available. Each local school board will determine what is a serious safety hazard using guidelines developed by the Illinois Department of Transportation in consultation with the State Superintendent of Education. The Department of Transportation shall review the school board's findings and, within 30 days, approve or disapprove the school board's determination that a serious safety hazard exists.

Vocational Pupil Transportation

Any school district transporting resident pupils during the school day to an area vocational school or another school district's vocational program that is more than one and one-half miles from the school attended, or transporting resident pupils to another school district's program offered through an approved joint agreement, or to a community college providing advanced training for students in grades 11 and 12 who desire participation for a trade, or exceptional children requiring special transportation service, shall be reimbursed four-fifths of the allowable cost of such transportation by the State. This includes a depreciation allowance of 15 percent for 6 2/3 years for school buses and vehicles approved for transporting pupils to and from school and a depreciation allowance of ten percent for ten years for other transportation equipment.

State reimbursement for regular and vocational education pupil transportation is made on a quarterly basis as follows:

Voucher Date	Probable Dates Comptroller will Release Warrants
September 30	October 7
December 30	January 9
March 30	April 9
No Later than June 15	June 22

Senate Bill 374 (1983) contains $78,108,000 to reimburse districts for 1982-1983 regular and vocational pupil transportation claims. Finance and Reimbursements Department personnel shall submit vouchers to the State Comptroller in compliance with the required payment dates specified in the law.

Special Education Pupil Transportation

Section 14-13.01 of The School Code of Illinois provides for state reimbursement for children of the type described in Sections 14-1.02 through 14-1.07. Reimbursement is in the amount of four-fifths of the "allowable costs" of transportation for each child who the State Superintendent determines in advance requires special transportation service in order to take advantage of special education facilities.

Senate Bill 374 (1983) contains $62,721,000 to honor 1982-1983 special education pupil transportation claims. These claims are being prorated at 90 percent. The law provides for a quarterly payment schedule identical to the one previously presented for regular and vocational pupil transportation.

Districts providing approved special education transportation to approved special education programs were eligible, during calendar year 1983, to file for state reimbursement through the respective regional superintendent for the summer school transportation cost incurred following the 1982-1983 regular school term through June 30, 1983. Claims for the period, July 1, 1983, to the opening of the 1983-1984 regular school term and following the 1983-1984 regular school term through June 30, 1984, will be filed in calendar year 1984.

Dual-Enrolled Exceptional Children

Special education pupils dually enrolled in public and nonpublic schools shall be provided transportation if it is required in the child's Individualized Educational Program (IEP) because of the child's handicapping condition or as the special education program location may require.

Allowable Pupil Transportation Costs

Section 29-5 of The School Code of Illinois defines allowable costs for pupil transportation reimbursement. Allowable costs include costs of physical examinations and salaries of drivers, salaries of school bus maintenance personnel, payments to independent carriers, preapproved contractual expenditures for computerized bus scheduling, gasoline and other supplies, workshops for drivers, maintenance of buses, leasing and rental costs, insurance and licenses, and certain depreciation for vehicles and equipment. Special education allowable costs also include expenditures for salaries of attendants or aides for the portion of time spent in assisting pupils in transit.

House Bill 946 (1983) amends Section 29-5 of The School Code of Illinois. The bill provides that indirect costs shall be included in the reimbursement claim for districts which own and operate their own school buses. Such indirect costs shall include administrative costs, any costs connected with buildings and used for transportation services, or any costs attributable to transporting pupils from their attendance centers to another school building for instructional purposes. No school district which owns and operates its own school buses may claim reimbursement for indirect costs which exceed five percent of the total allowable costs for pupil transportation.

House Bill 286 (1983) also amends the state reimbursement for pupil transportation. The allowable direct cost of transporting regular, special, and vocational education pupils is expanded to include the cost of converting buses' gasoline engines to more fuel efficient engines or to engines which use alternative energy sources.

Senate Bill 69 (1983) amends "The Illinois Vehicle Code." The Governor exercised his amendatory veto power to clarify that only the use of propellant fuels in vehicles, other than school buses, is being deregulated and that the storing, transportation as cargo, selling, and dispensing of liquified petroleum is still to be regulated by the Office of the State Fire Marshall. The General Assembly concurred with the changes made by the Governor during the fall (1983) override session.

Hazardous Conditions

The law allows transportation of pupils who live less than one and one-half miles from the school attended when hazardous conditions exist and public transportation is not available. For determination of the one and one-half miles, distance is measured from the exit of the property where the pupil resides to the school, along normally traveled roads or streets. The determination of a safety hazard shall be made by the local school board, in accordance with guidelines promulgated by the Department of Transportation in consultation with the State Superintendent of Education. The Department of Transportation reviews the findings of the local school board and approves or disapproves the findings within 30 days. Such transportation costs are reimbursable.

The law also requires every school board to review the hazardous conditions annually and certify to the State Superintendent of Education whether or not those conditions remain unchanged. Furthermore, the State Superintendent may request that the Illinois Department of Transportation verify that the conditions have not changed. Local districts should submit their certification to Mr. Ted Randall, Program Planning and Development Section, Illinois State Board of Education, 100 North First Street, Springfield, Illiois 62777 (telephone: 217/782-2826).

Bus Driver Permits

Regional superintendents have the responsibility of insuring that all bus drivers have valid school bus driver permits. They shall submit evidence of noncompliance in writing to the respective school boards.

When the regional superintendent finds evidence of noncompliance by district employed drivers, a hearing shall be held. If, based on evidence presented at the hearing, the regional superintendent finds that bus drivers employed directly by the school board do not possess valid bus driver permits, the regional superintendent shall submit such evidence and the findings, with recommendation(s), to the State Superintendent of Education. The State Superintendent may reduce the district's claim for transportation reimbursement under Section 29-5 and/or Section 14-13.01 by .568 percent for each day of noncompliance.

If a school board finds evidence that the school bus contractor has bus drivers without valid permits, the school board shall request a hearing before the regional superintendent. If, based on the evidence presented at the hearing, the regional superintendent finds that persons employed by a contractor have invalid bus driver permits, the school board's contractual financial obligations shall be reduced by an amount of .568 percent for each day of noncompliance. The findings of the regional superintendent and the relief provided herein shall not impair the obligations of the contractor to continue to provide transportation services in accordance with the terms of the contract.

Driver Education

Senate Bill 783 (1981) amended the driver education reimbursement formula. The base reimbursement amount shall be calculated annually by the State Board of Education by dividing the lesser of the driver education appropriation less necessary administrative funds or the accumulated amount in the driver education fund by the total of: (a) the number of students who have completed the classroom instructor portion for whom valid claims have been made times .02; plus (b) the number of students who have completed the practice driving instruction portion for whom valid claims have been made times .08.

The amount of reimbursement to be distributed on each claim shall be .02 times the base reimbursement amount for each validly claimed student who has completed the classroom instruction part, plus .08 times the base reimbursement amount for each validly claimed student who has completed the practice driving instruction part.

Sample computation:

$14,000,000 (estimated driver education funds to be available for distribution)

168,000 classroom pupils times	.02 =	3,360
149,333 practice driving pupils times	.08 =	11,947
Total (estimate)		15,307

$14,000,000 divided by 15,307 = $914.62 Base Reimbursement Rate

Amount per pupil (classroom) = $914.62 times .02 = $18.29
Amount per pupil (practice driving) $914.62 times .08 = $73.17

Senate Bill 559 (1983) amends the driver education reimbursement formula to prohibit the amount of reimbursement made for any student from exceeding the combined district's per pupil cost for the classroom instruction and the practice driving instruction.

The Illinois State Board of Education makes payments as funds accumulate in the Driver Education Fund. It is projected that on or about November 15, 1983, 30 percent of the 1982-1983 claim amounts will be paid. On or about the 15th of each month, beginning December, 1983, through June, 1984, about ten percent will be distributed. Senate Bill 374 (1983) appropriates $14 million to honor the 1982-1983 driver education claims.

Senate Bill 30 (1983) provides school districts with greater flexibility in meeting driver education course requirements. School districts may adopt a policy to permit proficiency examinations for the practice driving part of the driver education course at any time after the completion of three hours practice driving under direct individual instruction.

Adult Education

Under the provisions of the Federal Adult Education Act and The School Code of Illinois, Sections 10-22.20 and 203-1, Subsection 3-1, the following determines eligibility for adult education programs: a) adults, 16 years of age and older, who have not completed the secondary level and are not otherwise in attendance in school; b) adults, 16 years of age and older, who have completed the secondary level and who can verify a need for job skills; improvement and/or employability skills, and c) persons who are determined to be eligible for Title XX services. The individuals identified above can be enrolled in adult basic, secondary, vocational, English as a second language, and general educational development review classes conducted by the educational agencies. Local educational agencies submit applications which are approved by the Illinois State Board of Education.

The participating public school educational agencies are allowed a uniform reimbursement rate per student hour of instruction in four subprograms of 1) state adult education, 2) Title XX, 3) federal adult education basic, and 4) federal adult education secondary with a weighting factor for basic and vocational classes.

House Bill 320 (fall, 1983) provides the formula by which the rate of reimbursement is determined. In each year, a base rate per unit of instruction is determined by dividing the foundation level for General State Aid by 60. The base rate is increased by the following factors:

Year	Percent Decrease
1983-1984	40
1984-1985	30
1985-1986	20
1986-1987	15
1987-1988	10
1988-1989	5
1989-1990, and thereafter	0

This rate is multiplied by the number of instructional units to determine the maximum reimbursement. When vocational programs are involved, an additional weighting of .40 is applied to the base rate for 1983-1984, and then reduced by .03 each year until 1988-1989, when the weighting shall remain at .25.

The maximum reimbursement rate is multiplied by .9 for each year to determine the rate of reimbursement for students enrolled in adult secondary education programs. The base rate for community college sponsored programs is reduced by the per credit hour reimbursement factor applicable to the Adult Basic Education/General Education Development/English programs prescribed in Section 2-16 of the Public Community College Act, as prorated to the appropriation level.

In addition to educational and vocational classes, other services such as staff development, pupil transportation and child care and/or early childhood development are available throughout the four subprograms.

A monthly payment schedule is implemented so that resources are available to approximately 100 multidistrict public schools and/or community colleges at the beginning of the month in which the expense occurs. Quarterly expenditure reports are completed to determine if the rate of payment is appropriate and in relationship to the approved limits of the projected budget. Illinois law mandates that the State Board of Education make maximum use of federal funds which is accomplished through the equitable distribution of funds and services throughout the four subprograms. No individual participating in any of the subprograms can be charged a personal tuition or fee.

The funds in the state adult education subprogram are 100 percent state grant funds, and $3,675,000 was appropriated. The Title XX funds flow into the State via the Social Rehabilitative Services Act, and although the Federal Government reimburses the Illinois Department of Public Aid at 100 percent, the State also appropriated $6 million for this subprogram. The Federal Government makes available to the state $5.3 million for the federal adult education basic and secondary subprograms, and although the board receives a grant, the state appropriates $700,000 as the state maintenance of effort. The appropriated State funds are included in Senate Bill 374 (1983).

P.A. 82-998, State Adult Education Act of 1982, represents the commitment of the State of Illinois to supplement other efforts to provide education and vocational skills training for educationally disadvantaged adults. The program is designed to provide basic education, English as a Second Language, high school completion classes, G.E.D. review, and vocational skills training to improve the ability of adults to become more self-sufficient and meet their responsibilities as citizens. Local educational agencies and public community colleges are eligible to apply for funds.

The recommended application deadline is at least four weeks before the beginning of the program. For further information contact Mr. William E. Reynolds, Manager, Adult and Continuing Education Section, Illinois State Board of Education, 100 North First Street, Springfield, Illinois 62777 (telephone: 217/782-3370).

Senate Bill 1347 (1983) clarifies the funding for classes conducted pursuant to Section 10-22.20 of The School Code of Illinois.

The bill changes the dates for filing claims. The State Board of Education shall adopt rules and regulations for the submission of claims to regional superintendents for transmittal to the State Board of Education. Final adjusted payments shall be made by September 30 in lieu of September 20.

If a school district or community college district fails to provide, or is providing unsatisfactory or insufficient classes under this Section, the State Board of Education may enter into agreements with public or private educational or other agencies other than the public schools for the establishment of such classes.

Greater flexibility is allowed to some school districts for Area Planning Councils. School districts which are not included within the boundaries of a community college district may elect to establish an Area Planning Council which is not associated with a community college district with the approval of the State Board of Education.

High School Equivalency Testing

Senate Bill 62 (1981) expanded the population eligible for High School Equivalency Testing to include any female, 17 years of age or older, who is unable to attend school because she is pregnant or the mother of one or more children and any male, 17 years of age or older, who is unable to attend school because he is the father of one or more children.

General Educational Development (G.E.D.)

House Bill 290 (1981) contained amendments to the High School Equivalency Testing Program. The $5 fee was increased to $10. The law establishes a reexamination fee of $2. The fee for the high school equivalency certificate was increased from $5 to $10. House Bill 290 also provides that the Regional Superintendent of schools may waive any of the required fees if a hardship exists.

Special Education Personnel Reimbursement

The state reimburses school districts or cooperatives for approved personnel who perform services in approved special education programs. Districts are reimbursed:

> For eligible physically handicapped children in hospital or home instruction, one-half of the teacher's salary, but not more than $1,000 annually per child or $6,250 per teacher, whichever is less.
>
> For readers, working with blind or partially seeing children, one-half of their salary, but not more than $400 annually per child.
>
> For necessary non-certified employees working in any approved class or program, the lesser of one-half of the salary paid or $2,500 annually per employee.

For each full-time qualified special education director, $6,250.

For each full-time qualified psychologist, $6,250.

For each full-time qualified teacher working in an approved program for deaf or hard-of-hearing pre-school children, $6,250.

For each full-time professional worker, $6,250. This is limited to speech correctionists, school social workers, school psychologists, psychologist interns, school social work interns, school nurse interns, certified school nurses, special administrator interns, registered therapists, professional consultants, special education special administrators or supervisors, and special education certified teachers.

Districts or cooperatives are eligible to claim reimbursement for hospital or homebound instruction when deemed appropriate through an individualized educational program.

State reimbursement is available to eligible districts and/or cooperatives for 1/185 of the amount or rate paid to special education personnel when the school or program exceeds the adopted school calendar with a maximum of 235 days. The Fiscal Year 1984 appropriation for reimbursement to school districts for services and materials for handicapped children under Section 14-13.01 of The School Code of Illinois is $132,421,400 (Senate Bill 374). This amount is sufficient to honor the claims at about 94 percent. Payments are made quarterly as follows:

Voucher Dates	Probable Dates Comptroller Will Release Warrants
September 30	October 7
December 30	January 9
March 30	April 9
No later than June 20	June 22

Tuition for Handicapped Pupils Attending Nonpublic Schools or Special Education Facilities or Public Out-of-State Schools

The State reimburses the approved tuition cost for special education and related services during the regular and summer school term as follows:

A two-tier reimbursement formula exists. The first tier provides state reimbursement for the difference between the district's per capita tuition charge for regular pupils and the lesser of the nonpublic school or special education facility or public out-of-state school tuition charge or $4,500.

The second tier provides that in the event the nonpublic school or special education facility or public out-of-state tuition charge is greater than the district's per capita tuition charge for regular pupils plus $4,500, then the State will reimburse the excess amount along with the amount calculated in tier one. Tuition reimbursement claims for the preceding regular school term and summer school term are vouchered by the State Board of Education on the same dates as presented above for Special Education personnel.

The state appropriation in the amount of $12,972,000 (Senate Bill 374) is to honor 1982-1983 private tuition claims. This amount is sufficient to fully fund the claims.

Senate Bill 513 (1983) amends this program by including pupils attending public school residential facilities for state reimbursement.

House Bill 1120 (1983) amends Section 14-7.01, 14-7.02a, and 14-7.03 of The School Code of Illinois. The 14-7.01 amendment clarifies that offsetting federal revenue shall be deducted in computing per capita costs and that up to 20 percent of the unreimbursed transportation cost is included in the tuition costs.

The 14-7.02a and 14-7.03 amendments provide that the per capita cost formula calculated under Section 14-7.01 shall be used in calculating claims under 14-7.02a and 14-7.03.

The State Board of Education also pays approved room and board and related costs on a current monthly basis using Federal Aid to the Handicapped funds. Senate Bill 374 (1983) contains the appropriation for these expenditures. It is estimated that Fiscal Year 1984 payments will be about $6.8 million.

The approved room and board and related services costs are paid currently on a monthly basis. The frequency for submitting estimated claims and the method of determining payment are prescribed by State Board of Education rules and regulations.

Tuition for Pupils Attending Low-Incidence Classes in Public Schools

Section 14-7.02a of The School Code of Illinois provides state reimbursement to school districts for per capita costs of extraordinary education programs for the handicapped in excess of the district's per capita tuition charge for the prior year or $2,000, whichever is less. Per capita costs are actual expenditures less state reimbursement under Section 14-13.01. The educational program for these pupils must be approved by the State Superintendent of Education. The Fiscal Year 1984 appropriation is $37,950,000 (Senate Bill 374). This amount is sufficient to honor the claims at about 95 percent.

Special Education Pupils from Orphanages, Children's Homes, State-Owned Housing Units, Foster Homes, Other State Agencies or State Residential Units

Section 14-7.03 of The School Code of Illinois authorizes current funding to school districts for providing preapproved educational services to handicapped children residing in orphanages, children's homes, state-owned housing units, foster homes, housing provided by other state agencies, or state residential units. These programs are approved by personnel in the Department of Specialized Educational Services, Illinois State Board of Education. The Fiscal Year 1984 appropriation is $30,000,000 (Senate Bill 374).

House Bill 1118 (1983) amends Section 14-7.03 of The School Code of Illinois. The amendment provides that any child who is not a resident of Illinois who is placed in a child welfare institution, private facility, foster family home, state operated program, orphanage or children's home shall have the payment for his or her educational tuition and any related services assured by the placing agent.

Illinois law allows summer school tuition reimbursement for severely and profoundly handicapped children. The reimbursement claim shall be filed with the State Board of Education by October 1, and the State Board shall transmit vouchers to the State Comptroller on December 1, annually.

House Bill 874 (1981) amended Section 14-7.03 as follows: Regional Superintendents may operate special education classes for children's homes or State housing units located within the educational service region upon consent of the school board otherwise so obligated. In electing to assume the powers and duties of a school district in providing and maintaining such a special education program, the regional superintendent may enter into joint agreements with other districts and may contract with public or private schools or the orphanage, foster family home, children's home or state housing unit for provision of the special education program. The regional superintendent, exercising the powers granted under this Section, shall claim the reimbursement authorized by this Section directly from the State Superintendent of Education.

Private facilities shall provide adequate space for special education classes provided by a school district or joint agreement for handicapped children who are residents of the facility. Space at the facilities shall be provided upon request of the school district or joint agreement and at no cost to either of them. When a private facility provides space for special education classes for handicapped children who reside there at no cost to the school district or joint agreement, it shall not include any costs for the use of such facilities in its claim for reimbursement.

Special Education Building Tax Revenues

House Bill 1223 (1983) amends Section 17-2.2a of The School Code of Illinois. The bill removes the eight year levy limit, the referenda requirement for transfer of accumulated funds not needed for building purposes, and the requirement that the levy cannot be extended without prior approval of the State Superintendent of Education.

House Bill 2234 (1982) provided greater flexibility to school districts in respect to usage of tax revenues generated for special education building programs. Any school board may, by proper resolution, use tax revenues generated from special education building tax for other special education purposes including the purposes authorized by Article 14 of The School Code of Illinois.

Residential Facilities

Senate Bill 513 (1983) expands the power of school districts to enter into joint agreements with other school districts to acquire, build, establish, and maintain sites and buildings including residential facilities upon the review and recommendation of the Advisory Council on Education of Handicapped Children and approval of the State Superintendent.

Hospital and Homebound Pupils

House Bill 500 (1981) increased the eligibility for hospitalized and homebound students by including all approved special education pupils in lieu of only physically handicapped children.

Special Education Materials

Senate Bill 374 (1983) contains $567,000 to provide for the production, procurement, storage, and distribution of special education materials for visually handicapped children and adults. Springfield School District Number 186 is the administering agent for this program.

State-wide Service Center for Deaf/Blind Persons

Senate Bill 374 (1983) contains $1,550,900 for the purpose of developing and operating or contracting for a residential education facility and statewide service center for deaf/blind individuals as provided in Section 14-11.02 of The School Code of Illinois.

Regional Programs

An appropriation in the amount of $900,000 is contained in Senate Bill 374 (1983) for distribution to eligible recipients for establishing and/or maintaining education programs for low incidence handicapped pupils.

Henry Horner Pilot Project

Senate Bill 378 (1983) appropriates the sum of $143,500, or as much as is necessary, to the State Board of Education for expenses related to the Henry Horner Pilot Project.

Gifted Programs and Centers

The State of Illinois provides funding to districts that have preapproved gifted programs. It is estimated that over 90,000 gifted and talented pupils will be served this school year in 750 school districts.

Senate Bill 338 (1983) amends the gifted section of The School Code of Illinois. The bill provides that school districts shall continue to have the authority and responsibility to develop educational programs for gifted and talented children in response to community needs.

The definition of gifted children is expanded to include those who have demonstrated a specific aptitude or talent. The State Board of Education is charged with supporting a state-wide program of early identification of gifted children to provide to the extent possible that all gifted and talented children have an opportunity to receive services and participate in appropriate programs, and to ensure that appropriations for programs for gifted children are spent in effective and efficient ways.

Members of the Advisory Council on Education of Gifted Children shall hold office for four years in lieu of seven years. The State Board of Education shall consider recommendations for membership on the council from state-wide teacher organizations.

A quarterly reimbursement procedure exists for gifted education programs. Estimated payments equal to one-fourth of the district's preapproved 1983-1984 program shall be made on November 15, 1983, February 15, 1984, and May 15, 1984. A final claim shall be filed with the regional superintendent on or before August 10, 1984, for approval and transmittal to the State Superintendent of Education on or before August 20, 1984. Upon receipt of the final claim, the State Superintendent shall verify its accuracy and make a final adjusted payment on or before September 20, 1984.

Senate Bill 338 (1983) also amends the state gifted reimbursement formula. A district's wealth measure shall be computed on assessed valuation per pupil in average daily attendance for the prior year. Utilizing the prior year will eliminate the need to adjust claims due to increases or decreases in average daily attendance and/or equalized assessed valuations from the estimated claim to the final claim.

Senate Bill 374 (1983) contains $5,988,200 to fund 1983-1984 approved programs for the gifted and talented.

The state appropriated $840,000 (Senate Bill 374) to fund nine area gifted service centers during 1983-1984. These centers are located in DeKalb, Chicago, Carthage, Matteson, Elgin, Benton, Normal, Rantoul, and Belleville.

Senate Bill 338 (1983) allows the gifted area service centers to enter into contracts with school districts, colleges, and universities for summer institutes.

Senate Bill 374 (1983) contains $800,000 for contracts with Illinois institutions of higher education to conduct summer institutes for gifted and talented students and their teachers.

The State Board of Education, with the advice of the Council, may make traineeship grants to mathematics and science teachers. Each grant shall not exceed $1,000 per academic year and shall not exceed 25 in number per academic year. The grants are under State Board of Education prescribed rules and regulations. For Fiscal Year 1984, all 25 grants will be awarded at $1,000 each. Trainees completing the programs are expected to accept employment, if offered, within one year and the trainee is expected to further develop gifted programs for two years. Penalties may be applied to trainees who fail to comply with these provisions. Senate Bill 374 contains $25,000 to fund the Traineeship Program.

Senate Bill 374 also contains $75,000 for fellowships for graduate students who are interested in working in programs for the education of gifted children. Some 37 grants will be made at $2,000 each.

Vocational Education

The state and federal governments jointly finance various vocational education programs. The state appropriation (Senate Bill 374) for these programs is $33,075,000. These funds are for distribution to eligible recipients to assist in conducting and improving vocational education programs and services for reimbursement of vocational education, movable instructional equipment, and for school districts which maintain institutions primarily for apprenticeship training for that portion of the cost charged for out-of-district students. Approximately 75 percent of the funds will be reimbursed to the common schools. The remainder will be distributed to community colleges and/or higher education institutions. In addition, Senate Bill 374 contains $1,100,000 for distribution to eligible recipients for High Impact Training Programs to stimulate economic growth and development.

Free Lunches and Breakfasts for Needy Children

The state appropriation (Senate Bill 374) for reimbursement of school districts providing free lunches and breakfasts to needy pupils is $12,420,000. Illinois law requires all public schools to provide free lunches to pupils from families with an income at or below federally established guidelines. Nonpublic schools may participate in the free lunch program on a voluntary basis. A pupil eligible for free lunch is also eligible for free breakfast when the respective school participates in the breakfast program. The public school lunch program is mandatory; however, the breakfast program is voluntary.

House Bill 1076 (1983) provides greater clarity to the funding formula for the state's free lunch and breakfast programs. The new language is as follows:

> "The State Board of Education shall reimburse not less than $0.15 or the actual cost, whichever is less, to school boards for each free lunch and not less than $0.15 or the actual cost, whichever is less, for each free breakfast supplied by them."

The bill also provides greater flexibility to the State Board of Education. Agreements can be made additionally with corporations and private individuals to distribute or process surplus federal commodities to improve school lunch programs.

The federal income poverty guidelines issued by the United States Department of Agriculture for free and reduced-price meals effective during Fiscal Year 1984 are as follows:

Income Guideline Levels

Family Size	Level of Free Meals			Level of Reduced-Price Meals		
	YEARLY	MONTHLY	WEEKLY	YEARLY	MONTHLY	WEEKLY
One	$ 6,318	$ 527	$122	$ 8,991	$ 750	$173
Two	8,502	709	164	12,009	1,009	233
Three	10,686	891	206	15,207	1,268	293
Four	12,870	1,073	248	18,315	1,527	353
Five	15,054	1,255	290	21,423	1,786	412
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Seven	19,422	1,619	374	27,639	2,304	532
Eight	21,606	1,801	416	30,747	2,563	592
Each additional Family Member Add	2,184	182	42	3,108	259	60

Local authorities may utilize either the family income during the past 12 months or the family's current income level when determining the best indicator of need for free or reduced-price meals. Unemployed persons' families are eligible for free or reduced-price meals as of the date of unemployment.

Federal reimbursement rates as issued by the United States Department of Agriculture effective July 1, 1983, through June 30, 1984, are as follows:

Meal Type	Breakfast	Lunch
Free	$.6275	$1.2025
Reduced	.3275	.8025
Paid	.0900	.1150

Illinois State Board of Education

The following amounts were appropriated (Senate Bill 374) from state funds to meet the ordinary and contingent expenses of the Illinois State Board of Education:

Fund Source	Amount
State-General Revenue	$16,500,000
State-Driver Education	287,600
Total	$16,787,600

School Facility Funding

The School Construction Bond Act authorizes the Capital Development Board to make grants to local school districts for health/life safety rehabilitation/renovation and new construction. The amount of the grant is based upon a "Grant Index" formula which makes comparisons by district type (elementary, high school, and unit) on the basis of the ratio of weighted average daily attendance to the district's equalized assessed valuation per pupil. Based on this formula, the amount of the grant index may not be less than 20 percent nor greater than 70 percent of the recognized project cost. Districts are ranked in priority order based on emergencies, health/life safety hazards, and unhoused students.

Senate Bill 714 (1983) contains appropriations for various school construction projects. The following amounts, or as much as is necessary, and were unexpended as of June 30, 1983, from previous appropriations are reappropriated from the School Construction Fund to the Capital Development Board for school construction:

For the Chicago Public School District	$23,807,083
For Downstate School Districts	4,256,808

The following amounts, or as much as is necessary and were expended as of June 30, 1983, from previous appropriations are reappropriated from the Capital Development Fund to the Capital Development Board for the Illinois State Board of Education, Division of Adult, Vocational Technical Education for:

1. The Sauk Area Career Center in Crestwood for construction of a secondary vocational technical school, including fixed equipment, utilities, and all other things necessary for the completion of the project ($80,374); and

2. The Capital Area Vocational Center near Springfield. The reappropriated general revenue funds are for the planning, construction, and rehabilitation to correct defectively designed or constructed portions of the facility ($939,605).

Senate Bill 384 (1983) appropriates debt service funds for bonds previously sold for school construction purposes. The principal amount is $13,500,000 and the interest amount is $14,964,850.

Bilingual Programs

Senate Bill 374 (1983) contains funds in the amount of $4,432,000 for school districts under 500,000 population which provide programs in a language other than English for children whose first language is other than English. Upon receiving program approval from the State Superintendent of Education, districts will be paid for required services and materials. The bill also provides $13,304,500 for payment to Chicago School District Number 299 for approved bilingual programs. The total state appropriation for bilingual programs is $17,736,500.

Bilingual education is a current funded program. School districts file three estimated claims and a final adjusted claim. The State Superintendent's office shall transmit vouchers to the State Comptroller by November 15, 1983, February 15, 1984, May 15, 1984, and September 15, 1984.

School Problems Commission

Senate Bill 384 (1983) appropriates $91,900, or as much as necessary, for the ordinary and contingent expenses of the School Problems Commission. The Commission makes recommendations to the General Assembly by April 15 of each year for the succeeding fiscal year.

The School Problems Commission was created to survey and study the problems related to Illinois public schools. The Commission studies:

> The progress and problems of school district reorganization and the means of further promotion of an official school system.
>
> The need for further codification and revision of school laws.
>
> State, county, and local school administration of the schools and the interrelationship of such administration.
>
> The adequacy and efficiency of current methods of granting state categorical aids and General State Aid.
>
> The methods of acquiring adequate revenues for schools and the definite sources of possible revenue for local school funds and for state school aids.
>
> Any problems which may arise that may affect the general welfare of the schools.

The Commission also counsels and advises the State Board of Education or the State Superintendent of Education on any school problem that either may bring to it for consideration. The Commission may periodically make recommendations for consideration of improvement in any public school area.

The Commission has the additional duties of considering and studying all germane factors in an effort to determine the improvements necessary to raise the educational standard of the public schools to a desirable level.

Senate Joint Resolution Number 58 was adopted on June 30, 1983, by the Senate, and the House concurred on October 20, 1983. The resolution directs the School Problems Commission to study the issue of merit pay plans and master teacher pay plans for teacher pay plans for teachers and the advantages and disadvantages of establishing such a system in Illinois. The School Problems Commission shall report its findings and recommendations to the 83rd General Assembly on or before February 1, 1984.

The November, 1983, membership of the Commission is as follows:

Dr. Donald G. Gill, State Superintendent of Education

Dr. Robert L. Mandeville, Director, Bureau of the Budget, State of Illinois

Members appointed by the Governor:

Mr. Kenneth Bruce, Assistant Executive Secretary, Illinois Education Association
Mr. Shirl Gilbert, Superintendent, East Chicago Heights District Number 169
Ms. Sally Hoerr, President, Illinois Alliance for Exceptional Children and Adults
Dr. Dale Kaiser, Professor, Southern Illinois University, Carbondale
Ms. Lottie Rosenson, Chicago

Senators appointed by the President of the Senate:

Arthur L. Berman (Vice-Chairman) - D
John A. Davidson - R
Timothy F. Degnan - D
Kenneth Hall - D
John W. Maitland, Jr. - R

Representatives appointed by the Speaker of the House:

Gene L. Hoffman (Chairman) - R
Larry Bullock - D
Richard Mulcahey - D
Diana Nelson - R
Larry R. Stuffle - D

Members of the Commission are appointed in July and shall serve for two year terms beginning August 1 of odd-numbered years. Members shall continue to serve until their respective successors are appointed, except the members of the Illinois General Assembly who serve such term or until termination of their legislative service, whichever occurs first.

Department of Corrections School District

The Illinois Department of Corrections, through the Department of Corrections School Board, operates a school district. Senate Bill 394 (1983) contains $10,233,700 for the school district for Fiscal Year 1984.

Textbook Loan Program

The Illinois State Board of Education is required to provide, free of charge, the loan of secular textbooks listed for use by the Illinois State Board of Education to any kindergarten through grade 12 student. The students must be enrolled in a public or nonpublic school that is in compliance with the state's compulsory attendance laws and the Civil Rights Act of 1965, Title VI. This Illinois State Board of Education service shall be provided directly to the students at their request or at the request of their parents or guardians. The Illinois State Board of Education has adopted appropriate regulations to administer the act and to facilitate the equitable participation of all eligible students.

The 1983-1984 program will offer grade levels 8-12 an opportunity to participate. During Fiscal Year 1983, 94 percent of the public school districts participated and 65 percent of the nonpublic schools participated.

Senate Bill 374 (1983) contains $11 million to fund the 1983-1984 textbook program.

Student Interns

Senate Bill 374 (1983) contains $100,000, or as much thereof as may be necessary, for the Illinois Governmental Internship Program.

School Finance Study

Senate Bill 374 (1983) contains $47,800, or as much thereof as may be necessary, for the State Board of Education to conduct a School Finance Study. Chapter V contains actions of the Illinois Public School Finance Project.

Alcohol and Drug Abuse

Senate Bill 374 (1983) provides funds totaling $100,000 to local education agencies for Alcohol/Drug Abuse programs.

The State Board of Education intends to expend the funds for the following:

About $35,000 will be provided to approximately 100 school district teams which attend planning seminars in 1983-1984. It should cover expenses for travel by the district planning team. Another $56,000 will be provided to 56 school districts who completed their planning during 1982-1983 and intend to begin implementing their plans. These costs include consultant costs, purchase of curriculum materials, and attending inservice training. An additional amount of $9,000 will be provided to personnel trained in 1981-1982 who are completing the implementation of their plan in 1983-1984. Costs would include teacher training expenses (i.e. consultant costs, travel, substitute costs).

For further information on this program, contact Dr. Lyndon B. Wharton, Program Planning and Development, Illinois State Board of Education, 100 North First Street, Springfield, Illinois 62777 (telephone: 217/782-2826).

Truant Alternative Programs

Senate Bill 374 (1983) contains $600,000 for contracts with public and private agencies providing alternative education for chronic truants.

These nonmandated programs provide support for public and nonpublic schools in their fiscal and programmatic endeavors to provide alternative education for chronic truants or for the prevention of truancy. During Fiscal Year 1984, grant awards were made as follows:

Administrative Agent	Funding Level
ESR - Madison County	$ 38,500
Community Consolidated School District 54 (Schaumburg)	39,500
ESR - Grundy/Kendall Counties	35,000
ESR - DuPage County	80,500
Chicago Board of Education	95,000
American Indian Center (Chicago)	62,000
ESR - Rock Island County	30,000
ESR - Hamilton/Jefferson Counties	47,000
ESR - Hancock/McDonough Counties	20,750
ESR - St. Clair County	33,500
Quincy Public Schools	22,250
Wheaton-Warrensville Community Unit 200	49,300
ESR - Franklin County	46,700
TOTAL	$600,000

Computer Consortia

Senate Bill 124 (1983) authorizes the State Board of Education to make grants to qualifying school districts and educational service regions for staff development, hardware, and teacher training necessary for implementation of programs designed to achieve computer literacy and high-tech competency.

The State Board of Education shall adopt rules regarding the procedure by which application may be made for such grants, including assurances that students and teachers in nonpublic schools shall have an opportunity to equitable participation in all services and activities funded under this Section, and shall establish standards by which to evaluate the programs by applicant school districts and educational service regions.

Education for Technology Employment

Senate Bill 374 (1983) contains $1.0 million for distribution to local education agencies to conduct the Education for Technology Employment Program.

Master Teacher Program

Senate Bill 374 (1983) contains $637,500 in funds to eligible recipients to conduct the Governor's Master Teaching Program.

Computer Programs

House Bill 997 (1983) amends and adds to the powers of school boards. School boards are authorized to sell or market any computer program developed by an employee of the school district, provided that such employee developed the computer program as a direct result of his or her duties with the school district through the utilization of the school district resources or facilities. The employee who developed the computer progam shall be entitled to share in the proceeds of such sale or marketing of the computer program. The distribution of such proceeds between the employees and the school district shall be as agreed upon by the employee and the school district, except that neither the employee nor the school district may receive more than 90 percent of such proceeds. The negotiation for an employee who is represented by an exclusive bargaining representative under Section 3-14.24 may be conducted by such bargaining representative at the employee's request. The bill defines computer, computer program, and proceeds.

SUMMARY OF STATE FUNDING

General State Aid (SB 374)	$1,437,000,000
Additional General State Aid (SB 374)	1,000,000
General State Aid Interest (SB 328)	1,412,450
Summer School (SB 374)	3,174,000
Teachers' Retirement	225,562,600
Downstate (SB 374)	166,781,000
Chicago (SB 374)	47,153,500
Supplementary (Chicago) (HB 543)	500,000
Supplementary (Downstate) (HB 543)	11,128,100
Salaries of Regional Superintendents (SB 374 and HB 541)	4,509,400
Orphanages, Children's Homes, and State-Owned Housing (SB 374)	1,375,000
Supervisory Expense Fund (SB 374)	102,000
Adult Education and Vocational Education	44,550,000
Adult Education (SB 374)	
Public Assistance	6,000,000
3-1	3,675,000
Basic	700,000
Vocational Education (SB 374)	
Basic Programs Including Equipment	33,075,000
High Impact Training Program	1,100,000
Gifted Education (SB 374)	6,828,200
Programs	5,988,200
Centers	840,000
Special Education (Excluding Transportation) (SB 374)	216,504,800
Low Incidence Handicapped	900,000
Personnel	132,421,400
Private Tuition	12,972,000
Extraordinary	37,950,000
Orphanages	30,000,000
Henry Horner Pilot Project (SB 378)	143,500
Deaf and Blind Center Including Special Education Materials	2,117,900
Bilingual Education (SB 374)	17,736,500
Chicago	13,304,500
Downstate	4,432,000
Pupil Transportation (SB 374)	140,829,000
Regular and Vocational	78,108,000
Special Education	62,721,000
School Food Services (SB 374)	12,420,000
Illinois Department of Corrections School District (Program) (SB 394)	10,233,700
Illinois Department of Corrections School District (Administration) (SB 394)	9,567,000
School Construction Bonds (State Debt Services) (SB 384)	28,464,850
Principal	13,500,000
Interest	14,964,850
Capital Development Board (SB 714) Reappropriated Funds	29,083,496
School Problems Commission (SB 384)	91,900
Undergraduate Math and Science Traineeships (SB 374)	25,000
Student Interns (SB 374)	100,000
Public and Nonpublic Textbooks (SB 374)	11,000,000

Truant Alternative Programs (SB 374)	600,000
Illinois State Board of Education (Administration) (SB 374)	16,787,600
General Revenue Fund	16,500,000
Driver Education Fund	287,600
School Finance Study (SB 374)	47,800
Alcohol and Drug Abuse (SB 374)	100,000
Driver Education (SB 374)	14,000,000
Education for Technology Employment (SB 374)	1,000,000
Computers (SB 374)	500,000
Master Teaching Program (SB 374)	637,500
Gifted Fellowships (SB 374)	75,000
Summer Institutes (Gifted)	800,000
TOTAL	$2,236,117,796

CHAPTER II

Federal Education Programs

Federal funding available to local education agencies and the Illinois State Board of Education for the federal education programs is presented in this chapter. A financial summary, detailing approximate amounts available for Illinois schools and for state administration of programs during Fiscal Year 1984, is provided.

Federal Fiscal Year

The Federal fiscal year is October 1 through September 30. However, programs previously funded on a school-year basis continue to be funded by the school year.

Education Consolidation and Improvement Act, Chapter 1, Public Law 97-35, Educationally Deprived Children Grants to Local Education Agencies. Grants were made to operate some 840 projects which are designed to reduce or eliminate the educational deficiencies of eligible Chapter 1 students in the State during the 1983 fiscal year. Local education agencies use the funds to provide supplemental educational opportunities determined to be of high priority through local needs assessments. Most programs are in the areas of reading, mathematics, and cultural enrichment. The FY 1984 grant of about $132.5 million is divided by the number of eligible children (344,928) including neglected and delinquent to obtain the allocation of $384.16 per pupil (statewide average). For further information, contact Mr. Robert Hardy, Manager of Compensatory Education, Illinois State Board of Education, 100 North First Street, Springfield, Illinois 62777 (telephone: 217/782-6035).

Education Consolidation and Improvement Act, Chapter 1, Public Law 97-35, State-Operated Programs for Handicapped Children. Public Law 89-313 is a project-oriented, child-centered, federal program designed to provide financial assistance to initiate, expand, and improve special education and related services to handicapped children in state-operated schools, state-supported schools, and local educational agencies that meet certain eligibility conditions. Grants awarded during Fiscal Year 1984 total $24.4 million. Approved projects must meet size, scope, and quality requirements and must be designed to provide concentrated educational services for a limited number of eligible handicapped children. Grants are determined by the count of eligible children and are not competitive, but are awarded based upon approved application. For further information, contact Mr. Joe Fisher, Assistant Superintendent, Department for Specialized Services, Illinois State Board of Education, 100 North First Street, Springfield, Illinois 62777 (telephone: 217/782-6601).

Education Consolidation and Improvement Act, Chapter 1, Public Law 97-35, Migrant Children. Grants are made to the state educational agency for providing technical assistance and funds to local school districts and community agencies which develop supplemental educational programs to meet the unique needs of children of itinerant agricultural workers and agricultural workers who have settled out of the migrant stream. Approximately 4,000 interstate and intrastate migrant children and 750 former migrant children will be provided these services during Fiscal Year 1984 at a cost of $2.0 million. For further information, contact Mr. Aurelio Jazo, Assistant Manager of Compensatory Education, Illinois State Board of Education, 100 North First Street, Springfield, Illinois 62777 (telephone: 217/782-6035).

Education Consolidation and Improvement Act, Chapter 1, Public Law 97-35, Neglected and Delinquent Children. Funds are provided to the Illinois State Board of Education for planning, development, and implementation of supplementary educational programs, in qualifying state and private institutions for neglected or delinquent children. The focus of educational activities is on reading, mathematics, and communication skills. Approximately $1.6 million will be expended during Fiscal Year 1984 for the implementation of about 38 projects. For further information, contact Mr. Tom Grayson, Compensatory Education, Illinois State Board of Education, 100 North First Street, Springfield, Illinois 62777 (telephone: 217/782-0258).

Education of the Handicapped Act, Part B, Public Law 94-142. Public Law 94-142 was enacted to include provisions for grant funding to: (1) assure that all handicapped children have a free, appropriate public education available to them; (2) assure that the rights of handicapped children and their parents are protected; (3) assist states and localities to provide for the education of handicapped children; and (4) assess and assure the effectiveness of efforts to educate such children.

Public Law 94-142 began its first year of implementation in Illinois during Fiscal Year 1978. The maximum amount of the grant a state is entitled to under this act in any fiscal year is equal to the number of handicapped children in the state, ages three through 21, who are receiving special education and related services, multiplied by the applicable percentage of the average per pupil expenditure in public schools in the United States.

Beginning Fiscal Year 1979, 75 percent of this annual grant has been designated to flow to local school districts based upon their census of handicapped children. The remaining 25 percent is designated as state discretionary funds. These discretionary funds have been disbursed primarily to implement regional resource centers, supplemental room and board fees for children placed in private facilities, and state administration. The grant award of this program for Fiscal Year 1984 is approximately $55 million. Public Law 94-142 also included provisions for implementation of incentive grants to assist in the education of handicapped children ages three through five. Approximately 150 cooperative projects that provide supplemental programs and services to eligible handicapped preschool children will be continued during Fiscal Year 1984. The preschool grant award for Fiscal Year 1984 is approximately $2,240,000. Additional discretionary project proposals may be implemented. For further information, contact Mr. Joe Fisher, Assistant Superintendent, Department for Specialized Services, Illinois State Board of Education, 100 North First Street, Springfield, Illinois 62777 (telephone: 217/782-6601).

Transition Program for Refugee Children, Public Law 96-212. The Refugee Act of 1980 provided grants to local educational agencies, through the state educational agencies, to provide supplementary educational services to eligible refugee children who entered the country on or after May 1, 1980, and who are within the age limits of which the State of Illinois is required to provide free public education. Non-profit private elementary and secondary schools are also eligible for funding under the same criteria through public school services. During Fiscal Year 1984, an anticipated grant award of approximately $750,000 is expected to be disbursed to local educational agencies serving eligible pupils. For further information, contact Mr. Porter Reed, Bilingual Education Section, Illinois State Board of Education, 14th Floor, 188 West Randolph Street, Chicago, Illinois 60601 (Telephone: 312/793-3850).

Education Consolidation and Improvement Act, Chapter 2, Public Law 97-35. Under the Chapter 2 program, federal legislation consolidated 42 previously authorized educational programs and subprograms into one federal program. Funds were allocated to the States under a formula that considered enrollment and the number of economically disadvantaged students.

The Chapter 2 program has $22.2 million appropriated in Fiscal Year 1984. Of the funds, $17.1 million has been allocated to local school districts for the benefit of public and nonpublic students through a formula based 70 percent on enrollment and 30 percent on the number of economically disadvantaged students enrolled (ECIA Chapter 1 eligibles). The formula will be applied to the number of public and nonpublic students in a school district. School districts will receive $5.35 per student based upon their 1982 fall enrollments. Also, school districts will receive an additional $15.00 for each economically disadvantaged student. The number of economically disadvantaged students within a school district is taken from the 1980 United States Census data.

Also, the State Board of Education will award grants in aid to school districts and other educational institutions for developing solutions to local educational concerns. The competitive grants will provide about $1.9 million for major contractual awards and mini-contractual awards.

These competitive grants will assist school districts and other educational institutions to:

- develop or adapt innovative solutions to local educational needs,
- establish model educational or school management programs,
- develop activities that address specific student populations or classroom needs.

The remainder will be used by the Illinois State Board of Education for administration of the program ($.7 million) and to support direct services to local educational agencies ($2.5 million).

For further information, contact Dr. James Mendenhall or Mr. Roland Long, Educational Innovation and Support Section, N-253, Illinois State Board of Education, 100 North First Street, Springfield, Illinois 62777 (telephone: 217/782-3810).

Elementary and Secondary Education Act, Title VII, Bilingual Education. Federal Bilingual grants are provided to local educational agencies to develop and implement preschool, elementary, and secondary bilingual/bicultural programs designed to meet the educational needs of children with limited English proficiency.

Federal bilingual funding is being provided to the Chicago, Crete-Monee, Joliet High School, Kankakee, Rockford, and West Chicago Elementary school districts during Fiscal Year 1984. All Title VII grants are competitive and must be submitted to the Office of Bilingual Education and Minority Languages Affairs, United States Department of Education, as requested by the funding agency and published in the Federal Register. For further information, contact Ms. Maria Seidner, Manager of Bilingual Education, Illinois State Board of Education, 188 West Randolph Street, Chicago, Illinois 60601 (telephone: 312-793-3850).

Dr. Robert Lyons, Deputy Superintendent in the Chicago office, Illinois State Board of Education, may also be contacted for assistance (telephone: 312/793-2221).

Civil Rights Act of 1964, Title IV, Sections 403, 404, 405,; Public Law 88-352, as Amended - National-Origin Discrimination. This program will provide inservice training workshops and technical assistance to local educational agency staff responsible for desegregation programs enrolling national origin minority students. Program development assistance will also be provided to local educational agencies and institutions of higher education which are implementing special education programs addressing the needs of handicapped, national-origin minority students. The status of high school bilingual education programs will be surveyed with a view toward reducing the dropout rate of national origin minority students.

Local educational agencies, institutions of higher education, public, and private organizations may request technical assistance. For further information, contact Ms. Maria Seidner, Manager, Bilingual Education, Illinois State Board of Education, 188 West Randolph Street, Chicago, Illinois 60601 (telephone: 312/793-3850).

Dr. Robert Lyons, Deputy Superintendent in the Chicago office, Illinois State Board of Education, may also be contacted for assistance (telephone: 312/793-2221).

Section 405 of the General Education Provisions Act as Amended by the Educational Amendments of 1976, Public Law 94-482. The Program Planning and Development Section maintains an on-line system for storage and retrieval of Illinois-generated educational resources. The databases contain descriptions of human resources (consultants), promising programs, educational documents, and youth service agencies which will assist Illinois educators in district or school-based initiatives.

The Illinois databases are part of the PLATO computer system at the University of Illinois, Champaign-Urbana. Users with security code clearance may access the databases from PLATO terminals or from microcomputers with terminal capability. Developed in 1978, the databank is updated annually and is indexed by ERIC descriptors.

The resources are useful for and available to Illinois K-12 educators. Further information is available from Dr. Lyndon B. Wharton, Manager, Program Planning and Development, Illinois State Board of Education, 100 North First Street, Springfield, Illinois 62777, (telephone: 217 782-2826).

School Assistance in Federally Affected Areas, Public Law 81-815. Public Law 81-815 provides assistance to school districts for the construction of school facilities urgently needed because of substantially increased enrollments resulting from federal activity or loss through a major disaster. For further information, please contact Mrs. Ann Becker, Finance and Reimbursements Department, Illinois State Board of Education, 100 North First Street, Springfield, Illinois 62777 (telephone: 217/782-5874).

School Assistance in Federally Affected Areas, Public Law 81-874. Initiated during the early 1950s to compensate school districts for the loss of property tax revenues due to increased federal activity, Public Law 81-874 will provide about 100 Illinois school districts with approximately $4.9 million in Fiscal Year 1984. The education amendments of 1974 expanded Public Law 81-874 to include reimbursement for pupils in federally supported public housing projects. For further information, please contact Mrs. Ann Becker, Finance and Reimbursements Department, Illinois State Board of Education, 100 North First Street, Springfield, Illinois 62777 (telephone: 217/782-5874).

Federal National School Lunch Act and Child Nutrition Act, as Amended.

School Lunch Program. This is a voluntary program open to all public schools, private schools, and residential child care institutions which agree to operate a nonprofit program, offer school lunch meals meeting federal requirements to all children in attendance, and protect the anonymity of students eligible for free or reduced-price meals. The federal lunch requirement is designed to provide one-third of the students' daily nutritional requirements. To enable schools to provide low-cost lunches to students, a flat rate of reimbursement is paid on all lunches meeting these requirements. Additional reimbursement is paid for lunches served to students eligible for free or reduced-price meals. Approximately $102 million has been allocated to this program for Fiscal Year 1984.

The federal income guidelines for free and reduced-price meals during Fiscal Year 1984 are as follows:

Income Guideline Levels

Family Size	Level of Free Meals			Level of Reduced-Price Meals		
	YEARLY	MONTHLY	WEEKLY	YEARLY	MONTHLY	WEEKLY
One	$ 6,318	$ 527	$122	$ 8,991	$ 750	$173
Two	8,502	709	164	12,009	1,009	233
Three	10,686	891	206	15,207	1,268	293
Four	12,870	1,073	248	18,315	1,527	353
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Eight	21,606	1,801	416	30,747	2,563	592
Each additional Family Member Add	2,184	182	42	3,108	259	60

Local authorities may utilize either the family income during the past 12 months for farmers and/or self-employed individuals or the family's current income level for determining the best indicator of need for free or reduced-price meals. Unemployed persons' families are eligible for free or reduced-priced meals as of date of unemployment.

Federal reimbursement rates for all lunches, reduced-price lunches, and free lunches for the period July 1, 1983, through June 30, 1984, are as follows:

For sponsors with less than 60 percent of the lunch program participants receiving free and/or reduced-price lunches (severe need) reimbursement for paid lunches will be 11.50 cents, reimbursement for reduced-price lunches will be 80.25 cents (11.50 + 68.75), and reimbursement for free lunches will be $1.2025 ($1.0875 + $.1150).

For sponsors having 60 percent or more free and reduced-price lunches, reimbursement rates will be increased 2.00 cents.

Federal guidelines provide that the maximum charge to the child for a reduced-price lunch is 40 cents. In addition, Illinois provides a state reimbursement of 15 cents for each free lunch served to an eligible child.

School Breakfast Program. Federal breakfast programs are voluntary programs open to all public schools, private schools, and residential child care institutions which agree to operate a nonprofit program, offer breakfast meals meeting federal requirements to all children in attendance, and protect the anonymity of students eligible for free or reduced-price meals. To enable schools to provide low-cost breakfasts to students, reimbursement rates will be 9.00 cents for paid breakfasts, 32.75 cents for reduced-price breakfasts, and 62.75 cents for free breakfasts. In addition, Illinois provides a state reimbursement of 15 cents for each free breakfast served to an eligible child. The maximum charge to a child for a reduced-price breakfast is 30 cents. Approximately $10 million has been appropriated for Fiscal Year 1984.

Special Milk Program. This is a voluntary program open to all public schools, private schools, residential child care institutions, day care centers, and camps which agree to operate a nonprofit milk program and do not have a federal feeding program. The intent of the program is to encourage and establish the habit of drinking fresh, fluid milk as a nutritious beverage. It is available to persons less than 21 years of age. Reimbursement is provided to participating sponsors for all milk served; the one-half pint reimbursement rate is 9.25 cents. In addition, milk served free to eligible needy children is reimbursed at the average dairy charge. The Fiscal Year 1984 appropriation for this program is $4 million.

Summer Food Service Program for Children. This is a voluntary program open to all public schools, private schools, and residential child care institutions not participating in the National School Lunch Program, child care facilities not participating in the Child Care Food Program, and state, local, municipal, or county government entities which desire to operate a program during the summer months. The intent of the program is to replace the National School Lunch and School Breakfast Programs during the summer months for those children who normally, during the regular school year, would receive meals under one of these programs. The program is primarily directed toward children in needy areas to insure adequate nutrition on a year-round basis. If it can be documented that one-half of the children in that area are eligible for free or reduced-price meals during the regular school year, then all children in the area may receive free meals. All meals served are reimbursed as free meals. In addition, additional reimbursement is available to assist sponsors to cover administrative costs incurred in operating a summer feeding program. Approximately $2.0 million has been appropriated for this program during Fiscal Year 1984.

Child Care Food Program. This program is designed to encourage the serving of nutritious meals to children attending day care centers. It is a voluntary program open to all not-for-profit, nonresidential, family and group day care homes, day care centers, Head Start and child care programs, outside of school hours. Sponsors wishing to participate must be licensed and must be federally tax exempt. A flat rate of reimbursement is provided for all meals served. Additional reimbursement is paid for meals served to students eligible for free or reduced-price meals. Meals eligible for reimbursement under this program are breakfasts, a.m. and p.m. supplements, lunch, and suppers. Approximately $15.0 million has been appropriated for Fiscal Year 1984.

Food Distribution Program. The Food (Commodity) Distribution Program is designed to help reduce the cost of meals to participating organizations and to achieve maximum utilization of agriculture surplus. This is a voluntary program open to all public and private schools, institutions, and summer food service programs. The commodity value for each meal in which government donated commodities are made available to participating sponsors is based on a cents-per-meal basis.

Nutrition Education and Training Program, Public Law 95-166. The Nutrition Education and Training Program developed in Illinois includes four basic goals which reflect the federally developed goals. These are: 1) facilitating a nutrition education process which permits Illinois children to make informed food choices during their formative years; 2) enhancing the ability of teachers to integrate sound nutrition information into the curriculum utilizing innovative teaching techniques at each grade level; 3) delineating and strengthening the role of the school food service personnel in the food service and nutrition education process; and 4) identifying, compiling, evaluating, developing, and providing nutrition education curriculum materials to educational institutions. During Fiscal Year 1983, the program served 112,836 pupils, 3,741 teachers, and 1,027 school food personnel.

The Illinois State Board of Education has funded three regional projects for the 1983-1984 school year. The projects received grants based upon a submitted proposal. These centers offered the program a very effective network to provide resources and services to local schools and districts. In this way, Local Educational Agencies can develop programs and receive assistance designed to meet their unique needs. The Fiscal Year 1984 grant award is $218,827. For further information, contact Dr. Lyndon B. Wharton, Program Planning and Development, Illinois State Board of Education, 100 North First Street, Springfield, Illinois 62777 (telephone: 217/782-2826).

VOCATIONAL EDUCATION

Vocational Education Act of 1963, as Amended by Title II of the Education Amendments of 1976, Public Law 94-482 -- Consumer and Homemaking. This program is to prepare persons for their roles as homemakers and wage earners. The secondary school programs enrolled 43,281 students in Fiscal Year 1982. The adult program had two major components for Fiscal Year 1983 in which: 1) program assistants visited 2,113 homemakers to assist in improving homemaking skills and 2) community workers conducted 764 group conferences for 5,906 homemakers.

The adult program is conducted in cooperation with the University of Illinois, Cooperative Extension Service, Home Economics Division, and is operational in two counties and two sites in Chicago. A minimum of onethird of the state's allotment must be expended in economically depressed areas which have high rates of unemployment.

Local education agencies, public community colleges, colleges and universities may apply for grants. Applications, submitted through local plans for vocational education, are due March 31.

For additional information, contact Ms. Louise M. Dailey, Department of Adult, Vocational and Technical Education, Illinois State Board of Education, 100 North First Street, Springfield, Illinois 62777 (telephone: 217/782-4877).

Vocational Education Amendments of 1963, as Amended by Title II of the Education Amendments of 1976, Public Law 94-482 -- Vocational Education Program Improvement and Supportive Services. This program is designed to improve the vocational education delivery system at the secondary, postsecondary, and university levels. Funds are available for projects in applied research, curriculum development, preservice and inservice training, exemplary and innovative programs, and projects to eliminate sex bias in vocational education programs. Education agencies, both public and private, and other parties or organizations may apply for grants.

Requests for program improvement proposals in vocational education are distributed in the spring of each fiscal year. For further information, contact Dr. John Washburn, Department of Adult, Vocational and Technical Education, Illinois State Board of Education, 100 North First Street, Springfield, Illinois 62777 (telephone: 217/782-4620).

Titles I, II, IV, and VII of the Comprehensive Employment and Training Act (CETA) of 1978, as Amended, Public Law 95-524. The Education/CETA Linkages Project is designed to introduce additional flexibility into the educational system for serving the special needs of disadvantaged clients and to assist the CETA system to more effectively prepare disadvantaged clients for entry into the job market. Approximately $350,000 was appropriated for close-out of these activites under the expiring CETA legislation. New activities are described in the Section related to the Job Training Partnership Act (JTPA).

Title II, Section 204 of the Comprehensive Employment and Training Act (CETA) Public Law 93-203, as Amended by Public Law 95-524 and Title I, Section 123 of the Job Training Partnership Act (JTPA) Public Law 97-300. The Illinois State Board of Education annually enters into an interagency agreement with the Illinois Department of Commerce and Community Affairs to administer the Vocational Education Governor's Special Grant. The Illinois State Board of Education develops Non-Financial Agreements with CETA Prime Sponsors and Cooperative Agreements with Service Delivery Areas (SDAs) to provide vocational educational training, services and coordination activities to the economically disadvantaged through contractual arrangements with public, nonpublic, and private educational entities. The Illinois State Board of Education is responsible for program planning and development, contract negotiations and administration, and program monitoring. Approximately $6.6 million was appropriated for Fiscal Year 1984. Three months is appropriated for CETA, which expired September 30, 1983, and nine months for JTPA. For further information, contact Mr. Delmar E. Slagell, Department of Adult, Vocational and Technical Education, Illinois State Board of Education, 100 North First Street, Springfield, Illinois 62777 (telephone: 217/782-4862).

Title VII, of the Comprehensive Employment and Training Act (CETA) Public Law 93-203, as Amended by Public Law 95-524 and Title II, Section 204 of the Job Training Partnership Act (JTPA) Public Law 97-300. The Prime Sponsor or Service Delivery Area for the City of Chicago, the Mayor's Office of Employment and Training (MET) contracts with the Illinois State Board of Education to administer CETA Title VII funds received from the United States Department of Labor and JTPA Title II funds received from the Governor's Office for occupational training in regard to labor demands as determined by the Chicago Private Industry Council.

The Illinois State Board of Education provides technical assistance to the MET Prime Sponsor/Service Delivery Area and has responsibility for program planning and development, contract negotiation and administration, and program monitoring. An additional responsibility is to assist the MET with the collection of extensive data for their management information system. Approximately $12 million has been appropriated for the program during the Fiscal Year 1984, which includes three months CETA and nine months JTPA.

Local educational agencies, community colleges, private schools, and community-based organizations may apply to develop a vocational training program for CETA/JTPA clients. Applications are accepted any time during the year. For further information, contact Mr. Delmar E. Slagell, Department of Adult, Vocational and Technical Education, Illinois State Board of Education, 100 North First Street, Springfield, Illinois (telephone: 217/782-4862).

Vocational Education Act of 1963, as Amended by Title II of the Education Amendments of 1976, Public Law 94-482 -- Special Needs. In Fiscal Year 1983, 68 Work Experience and Career Exploration Programs (WECEP) were conducted at 51 local educational agencies for approximately 1,800 full-time 14- and 15-year-old students who were academically disadvantaged, needed motivation to stay in school, and had potential for placement in a work/training site. Program evaluations showed that nearly 72 percent of the students improved in their attendance and 66 percent increased their gradepoint averages.

The Early School Leavers (ESL) programs assist high school dropouts who are unsuccessful in finding employment. The students receive information on careers, assistance in developing employment survival skills, and on-the-job experiences for developing marketable skills. In Fiscal Year 1983, 13 community colleges provided 20 ESL programs for 699 school dropouts. The General Education Development (G.E.D.) program was successfully completed by approximately 45 percent of these students. Thirty-five percent of the ESL students also enrolled in additional courses. Evaluation reports showed that 53 percent of the Fiscal Year 1982 ESL students were gainfully employed by the end of the year.

Three special cooperative programs for the handicapped were conducted in Fiscal Year 1983. A total of 88 students enrolled in these programs designed to provide training for entry into the world of work. Approximately 75 percent of these students became gainfully employed as a result of participation in the program. For further information, contact Dr. John A. Klit, Department of Adult, Vocational, and Technical Education, Illinois State Board of Education, 100 North First Street, Springfield, Illinois 62777 (telephone: 217/782-4876).

Vocational Education Act of 1963, as Amended by Title II of the Education Amendments of 1976, Public Law 94-482. Vocational education funds are allocated to local educational agencies throughout the State to support programs for persons who desire and need education and training for employment. Instruction is provided for occupations related to the following areas: agriculture; business, marketing and management; health; home economics; and trades and industry. Instruction includes classroom, shop and laboratory activities and supervised, cooperative education experiences.

During Fiscal Year 1983, 564 secondary and unit districts, 34 area vocational centers, 39 community college districts, three universities and three state agencies provided vocational education programs. During Fiscal Year 1982, 815,484 persons were served in vocational and adult programs. The total includes 481,187 secondary, 305,392 post-secondary and 28,905 adult students served at secondary institutions. The total included 216,289 disadvantaged, handicapped and limited English-proficient students. Funds were allocated to support special services to enable these students to achieve success in their vocational programs.

An April 1982 survey of Fiscal Year 1981 vocational students revealed that vocational education is a significant factor in increasing opportunities for employment. The summary of the ratings of employers of former students showed their relative preparation to be higher than those employees who had no vocational training.

Local educational agencies, community colleges, area vocational centers, and state agency institutions may apply for grants and request technical assistance through programs. Applications are to be received by April 30 of each year. For further information, contact Dr. John Klit, Department of Adult, and Vocational, and Technical Education, Illinois State Board of Education, 100 North First Street, Springfield, Illinois 62777 (telephone: 217/782-4876).

Adult Education Act -- Public Law 91-230, as Amended. This program is designed to provide instruction for adults, 16 years of age and older, who are not otherwise enrolled in school to complete high school diploma requirements or to prepare for the General Educational Development (G.E.D.) test. These funds also support basic education instruction, the English as a Second Language (ESL) program and courses for adults to complete competency-based education programs.

In Fiscal Year 1983, approximately 64,000 adults were enrolled in 92 agencies participating in this program. Nearly all enrollees completed studies leading to completion of secondary level education and/or attended an advanced training program or qualified for advanced job placement.

The number of subcontracts to be established in Fiscal Year 1984 will be approximately the same as for Fiscal Year 1983. Local educational agencies and public community colleges may apply for reimbursement. The recommended application deadline is at least four weeks before the beginning of the program. For further information, contact Mr. William E. Reynolds, Manager, Department of Adult and Continuing Education Section, Illinois State Board of Education, 100 North First Street, Springfield, Illinois 62777 (telephone: 217/782-3370).

Social Security Act, Title I, Public Law 87-543; Title XX, 42 U.S.C., Public Law 95-35. The Illinois State Board of Education contracts with the Illinois Department of Public Aid to administer subcontracts with public agencies to provide education and training services for welfare recipients. These services are provided to clients who have been determined eligible by the Illinois Department of Public Aid.

This program is designed to provide instruction for adults to complete high school diploma requirements or to prepare for the General Educational Development (G.E.D.) test. These funds also support the English as a Second Language (ESL) program and courses for adults to complete competency-based education programs. Vocational skill classes are also offered to improve client employability. The primary focus of this program is to assist clients to obtain, retain, or improve their employment and reduce their dependency on welfare.

Local educational agencies and public community colleges may apply to develop an education and training services program for welfare recipients. The recommended application deadline is at least four weeks before the beginning of the program. For further information, contact Mr. William E. Reynolds, Manager, Department of Adult and Continuing Education Section, Illinois State Board of Education, 100 North First Street, Springfield, Illinois 62777 (telephone: 217/782-3370).

Civil Rights Act of 1964, Title IV., Section 403 Public Law 88-352 -- Race Desegregation. The purpose of this program is to render technical assistance to school district personnel in the preparation, adoption, and implementation of plans for the desegregation of public schools. Such technical assistance may include making available to school districts information regarding effective methods of coping with special educational problems occasioned by desegregation and making available to them persons specially equipped to advise and assist them in dealing with such problems. The Fiscal Year 1984 grant award is estimated to be $300,000. For further information, contact Ms. Pat Wofford, Manager of Equal Educational Opportunity Section, Illinois State Board of Education, 188 West Randolph, Chicago, Illinois 60601 (telephone: 312/793-3226).

Civil Rights Act of 1964, Title IV, Section 403, Public Law 88-352 Sex Desegregation. The purpose of this program is to facilitate the implementation of sex equity in Illinois' elementary and secondary schools through the provision of technical assistance services. Such services are available free to requesting educators, students, parents, and community groups and may include interpretation of federal and state sex equity laws, consultations regarding effective implementation of sex equity in the schools, provision of training or resource materials, etc. The Fiscal Year 1984 grant award for this program is approximately $260,000. For further information, contact Ms. Pat Wofford, Manager of the Equal Educational Opportunity Section, Illinois State Board of Education, 188 West Randolph (Ch-6), Chicago, Illinois 60601 (telephone: 312/793-3226).

Title IV, Section 409 of the Education Amendments of 1974, Special Projects Act, Public Law 93-380 -- Special Arts. This program provides maintenance of a State Arts Education Committee and its affiliate Regional Arts committees. Local educational agencies may request technical assistance from the Illinois State Board of Education in maintaining and expanding art programs (music, theatre, dance, visual arts, literacy arts, and media arts). For further information, contact Dr. Lyndon B. Wharton, Program Planning and Development Department, Illinois State Board of Education, 100 North First Street, Springfield, Illinois, 62777 (telephone: 217/782-2826).

Summary of Federal Funding for Programs and Administration

Program	FY 84 Program Funds	FY 84 Administration Funds
Education Consolidation and Improvement Act, Chapter 1, Public Law 97-35 Public Law 89-313, and Neglected and Delinquent	$150,000,000	$ 1,680,600
Migrants	2,000,000	142,400
Title IV, Part B - Library Resources	750,000	
Title IV, Part C - Educational Innovation	300,000	
Equal Educational Opportunities - Title IV, Sex Equity		254,600
Equal Educational Opportunities - Title IV, Race		258,000
Title IV, Part B, Bilingual Education		141,600
Title VII, Bilingual		141,758
Deaf-Blind	400,000	42,100
Title IX, Gifted - Project Engage		5,000
Title VI, Part D - Education Fellowship		84,400
Special Education, Public Law 94-142	55,000,000	2,714,000
Adult Education	5,300,000	289,700
Comprehensive Employment Training Act (CETA)	12,000,000	393,300
Vocational Education	30,385,000	2,422,600
Nutrition Education	240,000	88,200
Transition for Refugee Children	1,200,000	33,500
School Food Service	144,000,000	1,753,300
Education Consolidation and Improvement Act, Chapter 2	19,000,000	3,194,000
National Center for Education Statistics		127,000
Common Core Data Survey		73,600
Planning, Research, and Evaluation		53,400
Mott Foundation		20,800
Forest Preserves and Oil	25,000 (Estimate)	
Federal Impact Aid (Public Law 815 and Public Law 874)	4,900,000 (Estimate)	
Quality Improvement		75,000
Jobs Bill (Public Law 98-81)	3,000,000	
TOTAL	$428,500,000	$13,861,768

CHAPTER III

Legislation

Section A -- Property Tax Legislation

Senate Bill 99 (1983) amends "The Revenue Act" by increasing from $3,000 to $3,500 the annual exemption on real property equalized assessed valuation when compared to the base year (1977) valuation. This increased tax relief will affect 1983 taxes payable during calendar year 1984. A residential property owner eligible for the full $500 increase extended against a 6.00 percent tax rate would receive $30 of tax relief annually from Senate Bill 99.

House Bill 1223 (1983) amends Section 17-2.2a of The School Code of Illinois. The bill removes the eight year levy limit, the referenda requirement for transfer of accumulated funds not needed for building purposes, and the requirement that the levy cannot be extended without prior approval of the State Superintendent of Education.

House Bill 273 (1983) amends "The Revenue Act." The bill provides relief for all school districts except those located entirely in Cook County which have had or will have taxes deducted from their tax levies due to "illegal" taxes which were levied against pollution control facilities within the districts. These taxes were held to be "illegal" because such pollution control facilities within the district were incorrectly assessed at the time taxes levied by or on behalf of such districts were extended.

Prior to January 1, 1988, whenever and as often as the current amount of taxes to be deducted and which have been deducted equals or exceeds $10,000, affected districts, based upon a certificate requested and received from the appropriate county collector, may issue bonds without referendum to replace the taxes so deducted.

Affected districts may levy a tax not exceeding .05 percent of the equalized assessed valuation of the taxable property in the district to replace the taxes previously levied on pollution control facilities scheduled to be deducted in the same tax year.

House Bill 18 (1983) amends "The Revenue Act" by increasing the homestead improvement exemption. The annual maximum exemption is increased from $25,000 to $30,000 for the period January 1, 1984, through December 31, 1984, and $30,000 beginning January 1, 1985.

House Bill 1838 (1983), signed by the Governor on September 26, 1983, amended Section 162 of "The Revenue Act" by adding the following paragraph:

> The governing authority of each county, taxing district and school district shall file with the county clerk within 30 days of their adoption a certified copy of its appropriation and budget ordinances or resolutions, as well as an estimate, certified by its chief fiscal

officer, of revenues, by source, anticipated to be received by the county, taxing district or school district in the following fiscal year. Failure of the governing authority to file the required documents shall authorize the county clerk to refuse to extend the tax levy imposed by the governing authority until such documents are so filed and upon giving timely notice of such failure to file to such county, taxing district or school district by the county clerk.

If you have any questions regarding this bill, please refer to Dr. Gill's memorandum dated October 27, 1983, and sent to regional and district superintendents entitled "HB 1838 (Public Act 83-881)."

House Bill 1838 also amended the format of the Truth in Taxation notice. The commonly known name of the taxing district is required to appear in the notice. The bill also provides that any notice which includes information substantially in excess of that specified and required shall be an invalid notice.

House Bill 629 (1983) adds Section 17-11.1 to The School Code of Illinois. A school board may amend the certificate of tax levy within 20 days of a change in a school district's assessed valuation resulting from the application of the equalization multiplier by the Illinois Department of Revenue if the school district's operating tax rate is less than that required for full access to General State Aid under Section 18-8 of The School Code of Illinois.

House Bill 622 (1983) amends Section, 17-2.2b, of The School Code of Illinois. The bill allows a district to levy a .05 percent tax rate, subject to back-door referendum, for the purpose of leasing educational facilities from other school districts.

Senate Bill 341 (1983) adds a new paragraph to The Revenue Act of 1939. The new paragraph states that in any county with a population less than 2,000,000 in which the unemployment rate, as determined by the Bureau of Labor Statistics of the Department of Labor, is ten percent or more, the county board may adopt an ordinance under which 50 percent of each installment of taxes shall not become delinquent until 60 days after such installment of taxes becomes delinquent pursuant to Section 2-24 or 224.1 of "The Revenue Act."

Senate Bill 1097 (1983) amends Section 9-11 of The School Code of Illinois. The amendment requires that the estimate of taxes extendible under the current maximum tax rate and an estimate of the amount of taxes extendible under the proposed increased tax rate appear on the ballot on which the proposition is printed. However, it shall not appear as a part of the proposition.

House Bill 722 (1983) amends the "Local Governmental Employees Tort Immunity Act." The amendment allows the Chicago School District to use tort immunity tax funds to pay the operating and administrative costs and expenses incurred by the district, including the cost of legal services and the wages and salaries of employees, in connection with defending or otherwise protecting itself against liability under the Workers' Compensation, Workers' Occupational Diseases and Unemployment Insurance Acts.

House Bill 1296 (1982) defined real and personal property for purposes of Corporate Personal Property tax revenues. The bill provided that no property lawfully can be assessed and taxed as personal property in any county under this Act prior to January 1, 1979, or property of like kind acquired or placed in use in the same county after January 1, 1979, and prior to January 1, 1985. The bill also provided that no property lawfully can be assessed and taxed as real property in any county under this Act prior to January 1, 1979, or property of like kind acquired or placed in use in the same county after January 1, 1979, and prior to January 1, 1985.

House Bill 2135 (1982) made it more difficult for school districts to issue working cash bonds. The school district, in its published petition, must specify the number of voters required to sign the petition. At the time of publication of the notice and for 30 days thereafter, the recording officer of the district shall provide a petition form to any individual requesting one. The voters are allowed 30 days, rather than ten days, to request that the proposition to issue bonds be submitted to voters. Furthermore, only ten percent, rather than 20 percent, of the voters of the district need to sign the petition in order to have the proposition submitted to the voters.

House Bill 2250 (1982) provided that each Cook County school district (except the Chicago School District) shall annually certify and return to the county clerk, on or before the last Tuesday in December, its certificate of tax levy. This change means that all school districts, except Chicago, will have the same filing dates.

Senate Bill 1621 (1982) amended the Truth in Taxation Act. The old law required school districts to publish a notice in a newspaper of general circulation in each county in which any part of the district is located. The new law is less restrictive. If the taxing district is located entirely in one county, the notice shall be published in a newspaper of general circulation published in the taxing district, or if there is no such newspaper, in a newspaper of general circulation published in the county having a circulation in the taxing district.

If the taxing district is located primarily in one county but extends into smaller portions of adjoining counties, the notice shall be published in a newspaper of general circulation published in the taxing district, or if there is no such newspaper, in a newspaper of general circulation published in each county in which any part of such district is located.

If the taxing district includes all or a large portion of two or more counties, the notice shall be published in a newspaper of general circulation published in each county in which any part of such district is located.

The Truth in Taxation Act, as amended, changes the smallest type that can be used from 11 point to 12 point. An additional requirement is that the publication notice shall state, in plain and simple language, the legal name of the school district. The more detailed explanation of the Truth in Taxation law is contained in Chapter IV.

House Bill 799 (1981) eliminated the maximum transportation tax rate that electors may approve by referendum. The previous limit, by referendum, was .20 percent.

House Bill 60 (1981) provided greater flexibility to county boards in adopting the accelerated method of real estate tax billing. The new Act deleted the requirement that the County Board must act prior to September 15 of any year. The Act allowed a County Board to rescind its action at any time.

Senate Bill 477 (1981) provided a corporate personal property replacement tax credit for investing in qualified property. The credit is .5 percent of the qualified property placed in service on or after July 1, 1983, and through June 30, 1985.

For the period July 1, 1985, through December 31, 1988, there is an additional .5 percent credit for qualified property placed in service during this period if the taxpayers' base employment within Illinois has increased one percent or more over the preceding year. If, in any year, the percentage increase over the preceding year in Illinois employment growth is less than one percent, then additional credit shall be limited to that percentage, but shall not exceed .5 percent.

Senate Bill 477 will impact the General State Aid formula. Corporate personal property replacement tax relief will reduce local school district wealth which, in turn, will increase the state cost of the formula.

Flat grant and alternate method districts will also lose revenues. If the state fails to appropriate additional funds to compensate for the investment credit, tax relief will result in revenue losses to school districts with minimal or no corporate personal property replacement funds.

In summary, local school districts will lose revenue due to Senate Bill 477 although most districts will recover some of the revenue losses through the General State Aid formula and the regular pupil transportation formula.

Senate Bill 486 (1981) provided that any school district may order the respective county clerk(s) to abate any portion of its taxes on the property of any industrial firm locating within the district. The abatement shall not exceed ten years and the total aggregate amount of abated taxes shall not exceed $1 million.

Senate Bill 764 (1981) amended the way farmland is assessed beginning with 1981 assessments related to taxes payable in calendar year 1982. For 1981 assessments, the maximum increase or decrease on each acre on each farm is $30. The maximum increase in 1982, 1983, and 1984 assessments is still limited to $30 per acre, but there is no limit on the amount of decrease that could occur. The intent of this legislation was to stabilize the taxes on farmland and to have the assessed valuation related solely to productivity. Some school districts, as well as other taxing districts, will experience severe tax revenue losses due to Senate Bill 764.

Senate Bill 263 (1981) further limited the amount of protested taxes that may be withheld from distribution. Prior to Senate Bill 263, taxes could be withheld in the lesser amount of the taxes paid under protest or one-half percent of the total taxes collected. With Senate Bill 263, an additional limit of the amount equal to the average annual tax objections sustained over the preceding five-year period is provided.

Senate Bill 957 (1981) also amended the Illinois Revenue Act by providing that protested taxes withheld from distribution shall be deposited by the county collector in interest-bearing accounts. If the final order of a court on the protest results in a payment to the taxpayer of all or a part of the taxes paid under protest and withheld, all or a proportional share of such interest earned during the pendency of the protest by the amount repaid to the taxpayer shall also be paid to the taxpayer. If the final order of a court on the protest results in a payment to the taxing districts of all or a part of the taxes paid under protest and withheld, the interest earned during the pendency of the protest by such taxes paid to the taxing districts shall be paid to the county treasury.

Section B -- Legislation Affecting School District Accounting

Several pieces of legislation were enacted into law during 1983.

House Bill 1838 (1983), signed by the Governor on September 26, 1983, amended Section 162 of "The Revenue Act" by adding the following paragraph:

> The governing authority of each county, taxing district and school district shall file with the county clerk within 30 days of their adoption a certified copy of its appropriation and budget ordinances or resolutions, as well as an estimate, certified by its chief fiscal officer, of revenues, by source, anticipated to be received by the county, taxing district or school district in the following fiscal year. Failure of the governing authority to file the required documents shall authorize the county clerk to refuse to extend the tax levy imposed by the governing authority until such documents are so filed and upon giving timely notice of such failure to file to such county, taxing district or school district by the county clerk.

If you have any questions regarding this bill, please refer to Dr. Gill's memorandum dated October 27, 1983, and sent to regional and district superintendents entitled "HB 1838 (Public Act 83-881)."

House Bill 1838 also amended the format of the Truth in Taxation notice. The commonly known name of the taxing district is required to appear in the notice. The bill also provides that any notice which includes information substantially in excess of that specified and required shall be an invalid notice.

Senate Bill 223 (1983) removes the mandate on banks and savings and loan associations to collateralize their excess school district deposits. The school treasurers may require any bank or savings and loan association to deposit with him or her securities or mortgages at least equal in market value to the amount of the funds or monies deposited exceeding the insurance limitation provided by the Federal Deposit Insurance Corporation or the Federal Savings and Loan Insurance Corporation.

The bill also provides authorization for township and school treasurers to enter into agreements of any definite or indefinite term regarding the deposit, redeposit investment, reinvestment, or withdrawal of school funds.

Each township and school treasurer is permitted to combine monies from more than one fund of a single district for the purpose of investing such funds and to join with township and school treasurers or districts for the purpose of investing the school funds in his or her custody. Such joint investments shall be made only in investments authorized by law for the investment of school funds. When monies of more than one fund of a single district or monies of more than one district are combined for investment purposes, the monies combined for such purpose shall be accounted for separately in all respects, and the earnings from such investment shall be separately and individually computed and recorded, and credited to the fund or district, as the case may be, for which the investment was acquired.

The American Association of School Boards, in conjunction with Merrill Lynch Pierce Fenner and Smith, Inc., is working on the establishment of a nationwide investment pool with investments limited to government securities.

House Bill 1137 (1983) amends the law relating to certain investments of public funds by school districts. A school district may invest any public funds in dividend-bearing share accounts, share certificate accounts or class of share accounts of a credit union chartered under the laws of this State or the laws of the United States; provided, however, the principal office of any such credit union must be located within the State of Illinois. Investments may be made only in those credit unions the accounts of which are insured by applicable law.

Credit unions are subject to various restrictions. No credit union shall receive public funds unless it has furnished the corporate authorities of a public agency submitting a share deposit with copies of the last two reports of examination prepared by or submitted to the Illinois Department of Financial Institutions or the National Credit Union Administration. Each credit union designated as a depository for public funds shall, while acting as such depository, furnish the corporate authorities of a public agency with a copy of all reports of examination prepared by or furnished to the Illinois Department of Financial Institutions or the National Credit Union Administration; provided that if such funds or monies are invested in a credit union account, the amount of all such investments not collateralized or insured by an agency of the federal government or other approved share insurer shall not exceed 50 percent of the unimpaired capital and surplus of such credit union, which shall include shares, reserves, and undivided earnings and the corporate authorities of a public agency making an investment shall not be discharged from responsibility for any funds or monies invested in a credit union in excess of such limitation.

Any school district which deposits public funds in a financial institution may enter into an agreement with the financial institution requiring any funds not insured by the Federal Deposit Insurance Corporation, Federal Savings and Loan Insurance Corporation, or the National Credit Union Administration or other approved share insurer to be collateralized by securities or mortgages in an amount equal to at least the market value of that amount of funds deposited exceeding the insurance limitation provided by the Federal Deposit Insurance Corporation, Federal Savings and Local Insurance Corporation, or the National Credit Union Administration or other approved share insurer.

Senate Bill 289 (1983) amends Section 2 of the act relating to certain investment of public funds by public agencies. Any public agency may invest in short term obligations of eligible corporations (commercial paper) within specified time frames. Prior to Senate Bill 289, no more than 25 percent of any fund could be invested in such corporations at any time. The amendment provides that no more than 25 percent of the total average balances from all funds available at the end of each month is invested in such obligations at any time.

Senate Bill 1233 (1983) amends an act relating to certain investments of public funds. The amendment allows any school district to invest public funds in investments constituting direct obligations of any bank as defined by the Illinois Banking Act.

Senate Bill 561 (1983) amends Section 5-22 of The School Code of Illinois. Greater flexibility is provided to school boards in selling school sites, buildings, or other real estate. The General Assembly declares that "terms of sale" are not limited to sales for cash only, but includes contracts for deed, mortgages, and other such seller financed terms as may be specified by the school board.

House Bill 810 (1983) amends The School Code of Illinois relating to sales of school sites, buildings, or other real estate. The amendment allows the school board of school trustees to sell by auction or sealed bid. The notice of sale format is expanded to include this amendment.

House Bill 610 (1983) amends Section 24-6 of The School Code of Illinois. The amendment affects all school districts except Chicago. The amendment provides that school boards shall allow unused sick leave to accumulate to a minimum of 180 days. Prior to House Bill 610, the minimum was 90 days.

Senate Bill 451 (1983) amends Section 16-133.2 of "The Pension Code." The bill liberalizes the "early out" monetary contributions payable by eligible members. The employee contribution shall be at the rate of seven percent for the lesser of the following periods:

> For each year the member is less than age 60, or
>
> For each year the member's creditable service is less than 35 years.

The employer contribution remains at 20 percent for each year the member is less than 60.

House Bill 860 (1983) amends the "Illinois Pension Code," effective July 1, 1984, by mandating school districts to "pick up" employees' contributions to the Municipal Retirement Fund. This means that school districts must tax-shelter employees' contributions. The employer may pick up these contributions by a reduction in the cash salary of the employee or by an offset against a future salary increase or a combination of these two.

House Bill 870 (1983) amends Section 16-155 of the "Illinois Pension Code." The bill extends the date that each school district has for filing of the annual withholding statement from August 1 to August 15. The bill also provides that, if the retirement system is not in receipt of the required detailed statement by August 15, the school district shall pay to the system an amount equal to $250 for each day that elapses from August 15 until the day such statement is filed with the system.

House Bill 1336 (1983) adds a new Section to the Illinois "Use Tax Act" which places a zero percent sales tax on school books purchased by public or private elementary and secondary schools or on books resold to students in these schools. The Governor amendatorily vetoed the bill. He recommended deleting the provision granting a zero percent sales tax on school books. Purchasers of school books by public and private schools owned by a charitable and not-for-profit organizations are already exempt from sales tax unless resold. Such resales should not be tax exempt since they are in direct competition with other school book retailers. The General Assembly concurred with the Governor's recommendation during the fall (1983) override session.

House Bill 9 (1983) amends the Illinois "Use Tax Act." The bill exempts from occupation and use taxes purchases made from a teacher-sponsored student organization affiliated with an elementary or secondary school. The bill did not contain an effective date; therefore, the law becomes effective January 1, 1984.

House Bill 1567 (1983) adds a new paragraph to Section 28 of The School Code of Illinois. The new law provides no discrimination or punishment of any kind, including the lowering of grades or exclusion from classes, may be exercised against a student whose parents or guardians are unable to purchase required textbooks or instructional materials, or to pay required fees. Any person who violates this Section is guilty of a petty offense.

Senate Bill 463 (1983) amends Section 10-20.13 of The School Code of Illinois and adds Section 34-21.6. Section 10-20.13, as amended, requires school boards to purchase sufficient textbooks to include children receiving aid under Article IV of the Illinois Public Aid Code. Senate Bill 463 also requires all districts to waive all fees assessed on children whose parents are unable to afford them, including, but not limited to, children receiving aid under Article IV of The Illinois Public Aid Code.

Senate Bill 335 (1983) amends Section 10-22.28 of The School Code of Illinois. The bill allows a school district to share the cost of employing crossing guards with or accept the employment of crossing guards by any unit of local government. The school board may determine whether crossing guard employment costs shall be paid from the educational, transportation, or operations, building and maintenance fund. Since the bill did not contain an effective date the bill (Public Act 83-251) is effective January 1, 1984.

House Bill 849 (1983) adds Sections 10-21.6 and 34-19.1 to The School Code of Illinois. School boards shall establish and maintain a mailing list of the names and addresses of persons who each year request inclusion thereon, and to mail to those persons copies of board agenda, school budgets, audits, and within ten days of each board meeting, a copy of the approved meeting minutes. Annual subscription fees approximating the costs of reproducing and mailing the materials may be charged to the subscribers at the beginning of the subscription period.

Senate Bill 743 (1983) amends Section 24-8 of The School Code of Illinois. The bill provides that if a school board establishes a schedule for teachers' salaries based on education and experience, not inconsistent with this Section, all certificated nurses employed by that board shall be paid in accordance with the schedule.

House Bill 960 (1983) amends the "Illinois Governmental Ethics Act." The bill increases from $25,000 to $35,000 the annual income threshold which triggers the requirement to file economic interest statements.

In school districts, the law is applicable to persons who are elected to an office, to persons appointed to the school board, and to persons employed by the district. Statements must be filed by April 30 of each year.

Senate Bill 59 was enacted and signed into law on May 12, 1982. The law increased the maximum interest rate school districts may pay to the greater of nine percent or 125 percent of the rate for the most recent data shown in the 20 General Obligation (G.O.) Bonds Index of average municipal bond yields at the time the contract is made for the sale of bonds, other evidences of indebtedness, or tax anticipation warrants.

House Bill 654 (1982) made several changes in the Annual Statement for Publication, (Form ISBE 50-37). The changes which have been encompassed in that form are: (1) revises the categories of salary ranges for the listing of certificated and non-certificated district employees; (2) changes from $100 to $500 the amount paid to other recipients that must be listed; and (3) eliminates the average daily enrollment and the assessed valuation per pupil in average daily enrollment statistics.

The publication must still be made prior to December 1, annually, in a newspaper of general circulation published in the respective school district, or if no newspaper is published in the district, then a newspaper published in the county in which the district is located. If no newspaper is published in the county, then publication is to be made in a newspaper in the educational service region.

House Bill 2439 (1982) required each Downstate Teachers' Retirement member's employer to tax-shelter employee's contributions for all contributions earned beginning July 1, 1983.

House Bill 2234 (1982) provided greater flexibility to school districts in respect to usage of tax revenues generated for special education building programs. Any school board may, by proper resolution, use tax revenues generated from the special education building tax for other special education purposes including the purposes authorized by Article 14 of The School Code of Illinois.

House Bill 1451 (1981) amended Section 10-22.44 relating to the transfer of interest earned. Effective July 1, 1981, districts are permitted to transfer interest earned on any monies of the district to the respective fund of the district that is most in need of such interest income, as determined by the school board. The new law does not allow for the transfer of interest earned on funds for Municipal Retirement; Tort Immunity; Fire Prevention, Safety, Environmental and Energy; and Capital Improvement purposes.

House Bill 1264 (1980) clarified the maximum amount of indebtedness a school district may incur for the creation of a working cash fund. The legislation allows an amount not to exceed the aggregate of 75 percent of the current year taxes for educational purposes plus 75 percent of the last known entitlement for corporate personal property replacement revenues (Section 20-2).

House Bill 1445 (1981) added a new paragraph granting to the State Board of Education the power to investigate and certify that a school district is in financial difficulty and also outlined some of the conditions that could signify that a district may be in significant financial difficulty. Districts in financial difficulty would be required to develop, adopt, and submit a financial plan within 45 days after certification of their condition by the Illinois State Board of Education. The State Board of Education is taking a positive approach emphasizing preventive measures, rather than corrective actions. In compliance with the law, the following actions have been taken:

> A list of indicators that are typical of districts that have experienced severe financial problems has been developed. This list should be of assistance in providing early warning.
>
> An additional "Supplemental Financial Information" page is included in the Annual Financial Report (Form ISBE 50-35).
>
> A copy of the District Budget Summary (Form ISBE 50-36) must be sent to the respective Regional Superintendent for forwarding to the Illinois State Board of Education by October 15, annually.

House Bill 1103 (1981) empowered school boards to let all contracts for supplies, materials, or work, or contracts with private carriers for transportation of pupils involving an expenditure in excess of $5,000 to the lowest responsible bidder after due advertisement. It provides that school boards may enter into contracts for transportation for up to three years, and that such contracts may be extended for up to two additional years by mutual agreement of the parties. It provides that school boards may enter into contracts with parental schools for supplies, materials, or work, or contracts with private carriers for transportation of pupils involving an expenditure in excess of $5,000 by competitive bidding (Sections 29-6.1 and 10-20.21).

House Bill 1307 (1979) amended Section 8-7 of The School Code of Illinois to add savings and loan associations (insured by the Federal Savings and Loan Insurance Corporation) to banks as acceptable depositories for school funds.

House Bill 1693 (1979) amended paragraph 34, Chapter 102, to require the investment of public funds not needed for immediate disbursement within two working days after collection at prevailing rates or better. This bill provided the original authorization for investment in commercial paper, which was amended by Senate Bill 289 (1983) referred to earlier.

House Bill 1019 (1981) added a new paragraph (906) to Chapter 85 and required any savings and loan association designated as a depository for public funds from any public agency to file two copies of statements of resources and liabilities with the district. It added that whenever a public agency deposits any public funds in a financial institution, the public agency may enter into agreement with the financial institution requiring any funds not insured by the Federal Deposit Insurance Corporation or Federal Savings and Loan Insurance Corporation to be collateralized by securities or mortgages in an amount equal to at least market value of that amount of funds deposited exceeding the limitation provided by the insurance corporation.

House Bill 1070 (1981) amended Section 18-18 relating to state aid anticipation certificates and authorized such certificates to be sold at discount to maturity in lieu of bearing interest. It also permits boards adopting resolutions to issue certificates to appoint a trustee who shall act as the assignee and hold funds in trust for the benefit of the holders of certificates. It requires trustees to invest funds for the benefit of the holders of the certificates or the issuing district. Upon payment in full of the certificates, any amounts still in the possession of the trustee, including earnings on investments not used for payment of the certificates, shall be paid to the district.

Senate Bill 218 (1981) amended Section 3a of the Local Records Act to provide that in addition to reports and records of the obligation, receipt, and use of public funds of local governments and school districts, certified audits, management letters, and other audit reports are public records available for inspection by the public.

House Bill 125 (1981) amended Section 8-1 and eliminated the requirement that a three-member class I county school board appoint a treasurer who is also a treasurer of a district having a seven-member board. It also eliminated the requirement that a school district underlying one or more high school districts must appoint as its treasurer one of the high school district treasurers.

Senate Bill 617 (1981) amended Section 24-21.1 requiring school boards to transmit to the specified professional or labor organizations within ten working days from the time of withholding, the amounts withheld from employees' compensation for payment of dues or contributions.

House Bill 636 (1981) amended Section 24-21 of The School Code of Illinois. Teachers not covered by a negotiated collective bargaining agreement may elect to receive payment of wages over either a 10 or 12-month period annually.

Senate Bill 448 (1981) added a paragraph to Section 33-3 of the "Criminal Code of 1961" related to a public officer or employee committing misconduct in his official capacity. Included as an official act of misconduct will be to knowingly and intentionally execute a false document which authorizes the disbursement of public funds or the disposal of public property.

House Bill 1608 (1981) created the Local Accounting Task Force. The eight-member task force was to study and develop ways to improve the accounting and reporting procedures of local governments in Illinois; to study methods for the improvement of local government practices; and to study the tax revenue structure of Illinois local governments. All eight members of the task force are Illinois legislators. The task force conducted public hearings throughout the state through November, 1982, to enable state and local officials to provide input on the final recommendations. The task force began its work on August 1, 1981. The date for the submission of its final report to the General Assembly has been extended indefinitely. The task force viewed its charge as a constitutional mandate in relation to Article 8, Section 4 of the 1970 Constitution on uniform accounting. Public testimony and legislative recommendations will center upon a uniform fiscal year end for local governments, a uniform chart of accounts for municipalities, and a uniform basis of revenue and expenditure recognition for schools and other governmental units. The Honorable Representative James F. Keane, Chicago, is the Chairperson of the Local Accounting Task Force.

The work of the Task Force thus far has dealt with county and township auditing requirements, municipal appropriation ordinances, model citizens reports and financial statements, and the creation of a Local Government Audit Board. Projects for calendar year 1984 include changing the format of annual treasurers' reports and establishing uniform fiscal years for all local governments by type. Some work may be started on school districts in 1984, but will most probably be deferred to calendar year 1985.

CHAPTER IV

School Management Practices

Section A -- Levying Procedures

Each board of education shall make an annual levy in terms of dollar amounts and certify it to the respective county clerk(s). The county clerk(s) is(are) charged with the responsibility for making extensions of taxes levied within the constraints of the school district rate limitations (See Table 6). Receipt and transfer of these monies to the school district treasurer is usually accomplished through the office of the county treasurer.

Each school district, except the Chicago School District, shall annually certify and return to the county clerk, on or before the last Tuesday in December, its certificate of tax levy.

House Bill 1838 (1983), signed by the Governor on September 26, 1983, amended Section 162 of "The Revenue Act" by adding the following paragraph:

> The governing authority of each county, taxing district and school district shall file with the county clerk within 30 days of their adoption a certified copy of its appropriation and budget ordinances or resolutions, as well as an estimate, certified by its chief fiscal officer, of revenues, by source, anticipated to be received by the county, taxing district or school district in the following fiscal year. Failure of the governing authority to file the required documents shall authorize the county clerk to refuse to extend the tax levy imposed by the governing authority until such documents are so filed and upon giving timely notice of such failure to file to such county, taxing district or school district by the county clerk.

If you have any questions regarding this bill, please refer to Dr. Gill's memorandum dated October 27, 1983, and sent to regional and district superintendents entitled "HB 1838 (Public Law 83-881)."

House Bill 629 (1983) adds Section 17-11.1 to The School Code of Illinois. A school board may amend the certificate of tax levy within 20 days of a change in a school district's assessed valuation resulting from the application of the equalization multiplier by the Illinois Department of Revenue if the school district's operating tax rate is less than that required for full access to general state aid under Section 18-8 of The School Code of Illinois.

The Truth in Taxation Act, Chapter 120, paragraph 861 of the Illinois Revised Statutes affects all units of local government, school districts, and community colleges, including home rule units, who are authorized to levy property taxes.

The basic requirements of the law are as follows:

> Any district proposing to increase its levy more than 105 percent of its prior year's extension, exclusive of election costs, must publish a notice of at least one-eighth page in size in a newspaper of general circulation.
>
> If the taxing district is located entirely in one county, the notice shall be published in a newspaper of general circulation published in the taxing district, or if there is no such newspaper, in a newspaper of general circulation published in the county having a circulation in the taxing district.
>
> If the taxing district is located primarily in one county, but extends into smaller portions of adjoining counties, the notice shall be published in a newspaper of general circulation published in the taxing district, or if there is no such newspaper, in a newspaper of general circulation published in each county in which any part of such district is located.
>
> If the taxing district includes all or a large portion of two or more counties, the notice shall be published in a newspaper of general circulation published in each county in which any part of such district is located.
>
> The notice(s) shall not be placed in the classified section.
>
> The notice shall contain the following information:
>
> 1) the aggregate amount of property taxes, exclusive of election costs, extended in the previous year;
>
> 2) the aggregate amount of the proposed levy, exclusive of election costs, for the current year;
>
> 3) the percentage increase;
>
> 4) the date, time and place of a public hearing concerning the proposed levy increase;
>
> 5) the legal name of the school district.

House Bill 1838 (1983) amends the format of the Truth in Taxation notice. The commonly known name of the taxing district is required to appear in the notice. The bill provides that any notice which includes information substantially in excess of that specified and required shall be an invalid notice.

The hearing must be no more than 14 days nor less than seven days after the publication. If the final levy ordinance adopted is greater than 105 percent of the prior year's extension, exclusive of election costs, and is in excess of the amount shown in the publication, then a notice of the adoption action must be made in the form and manner provided in Section 7 of the Act, within 15 days. No hearing need be held after this publication.

The levy is to be filed with the county clerk under current provisions in the law. The clerk may not extend any amount greater than 105 percent of the prior year's extension unless the levy ordinance is accompanied by a certification by the presiding officer of the corporate authority stating that the provisions of the Truth in Taxation Act have been met.

The Illinois Attorney General has ruled that the provisions of the Truth in Taxation Act do not apply to taxes levied for paying principal and interest on bonds, notes, and other obligations secured by property tax levies including amounts due under public building commission leases. Therefore, these levies should not be included in computing the 105 percent amount.

The Truth in Taxation Act, as amended, changes the smallest type that can be used from 11 point to 12 point. The amendment added the requirement that the publication notice shall state, in plain and simple language, the legal name of the school district.

House Bill 2563 (1980) created a new paragraph (638a) in Chapter 120 of the Illinois Revised Statutes. Upon determining that a surplus of funds exists, school boards shall adopt a resolution reducing a tax levy. The district shall certify such action to the county clerk who shall abate the levy in accordance with the resolution. School districts should contact the appropriate county clerk(s) to ascertain the format of such certificate.

Section B -- Tax Rate Limitations

Table 6 shows school district tax rate limitations in effect for the 1983-1984 school year. Data concerning interest rate limitations are also included in the table.

House Bill 622 (1983) adds a new Section, 17-2.2b, to The School Code of Illinois. The bill allows school districts to levy a .05 percent tax, subject to back-door referendum, for the purpose of leasing educational facilities from other school districts.

House Bill 1223 (1983) amends Section 17-2.2a of The School Code of Illinois. The bill removes the eight year levy limit, the referenda requirement for transfer of accumulated funds not needed for building purposes, and the requirement that the levy cannot be extended without prior approval of the State Superintendent of Education.

House Bill 273 (1983) amends "The Revenue Act." The bill provides relief for all school districts except those located entirely in Cook County which have had or will have taxes deducted from their tax levies due to "illegal" taxes which were levied against pollution control facilities within the districts. These taxes were held to be "illegal" because such pollution control facilities within the district were incorrectly assessed at the time taxes levied by or on behalf of such districts were extended.

Prior to January 1, 1988, whenever and as often as the current amount of taxes to be deducted and which have been deducted equals or exceeds $10,000, affected districts, based upon a certificate requested and received from the appropriate county collector, may issue bonds without referendum to replace the taxes so deducted.

Affected districts may levy a tax not exceeding .05 percent of the equalized assessed valuation of the taxable property in the district to replace the taxes previously levied on pollution control facilities scheduled to be deducted in the same tax year.

Section C -- Interfund Transfers

Boards of education may cause the transfer of monies from one fund to another under the following conditions:

> Transfer of Interest Earned. Section 10-22.44 of The School Code of Illinois relates to the transfer of interest earned. School districts are permitted to transfer interest earned on any monies of the district to the respective fund of the district that is most in need of such interest income, as determined by the school board. The law prohibits the transfer of interest earned on funds for Illinois Municipal Retirement; Tort Immunity; Fire Prevention, Safety and Environmental and Energy; and Capital Improvements.

Special Education Tax Revenues. House Bill 1223 (1983) amends Section 17-2.2a of The School Code of Illinois. The bill removes the referenda requirement for transfer of accumulated funds not needed for building (construction) purposes and the requirement that the levy shall not be extended without prior approval of the State Superintendent of Education.

TABLE 6

SCHOOL DISTRICT TAX RATE LIMITATIONS[a]
(Chicago District Number 299 not included)

Levy	District Type	Percent Without Referendum	Percent With Referendum
Educational Fund	Elementary	0.920[b]	3.50
	High School	0.920[b]	3.50
	Unit	1.600	4.00[e]
Operations, Building and Maintenance Fund	Elementary	0.250	0.55
	High School	0.250	0.55
	Unit	0.375	0.75[e]
Capital Improvements Fund	All	0.000	0.06
Transportation Fund	All	0.120	As Needed[f]
Summer School	All	0.000	0.15
Bond and Interest Fund	All	N/A	As Needed[d]
Rent Fund	All	N/A	As Needed[d]
Municipal Retirement Fund	All	As Needed[d]	N/A
Tort Immunity[c]	All	As Needed	N/A
Working Cash Fund	All	0.050	N/A
Fire Prevention, Safety, Environmental and Energy	All	0.050	0.10
Special Education	Elementary	0.020	N/A
	High School	0.020	N/A
	Unit	0.040	N/A
Area Vocational Education	High School	0.000	0.05
	Unit	0.000	0.05
Tort Judgment Bonds	All	As Needed[d]	N/A
Pollution Bonds	All Eligible	As Needed	N/A
Pollution Control Facilities Replacement	All Eligible	0.050	N/A
Facility Leasing	All	0.050	N/A

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[a] These limitations relate to the 1983 tax levies for taxes extended and collected during calendar year 1984.

[b] Subject to possible backdoor referendum (Section 17-2.2).

[c] The Tort Immunity Act to cover liabilities under the Unemployment Insurance Act, Workers Compensation, and Occupational Diseases Act.

[d] The school district or county clerk shall take into consideration district receipts of corporate personal property replacement funds.

[e] Coterminous dual districts forming a unit district may have a maximum rate of 6.00 percent for educational, and 1.10 percent for operations, building and maintenance.

[f] Section 17-4 places no maximum on the tax rate, if elector approved.

Additional notes. The maximum interest rate for Tax Anticipation Warrants, Tax Anticipation Notes, General State Aid Anticipation Certificates, Personal Property Replacement Tax Notes, Teachers' (or Employees') Orders, Working Cash Fund Bonds, Refunding Bonds, Building Bonds (Sections 19-2 through 19-6), Fire Prevention, Safety, Environmental and Energy Bonds (Section 17-2.11a), Special Education Building Bonds (Section 19-31), and Funding Bonds (Sections 19-8 through 19-10) is the greater of nine percent per annum or 125 percent of the rate for the 20 General Obligation Bonds Index of average municipal bond yields as published in the most recent edition of *The Bond Buyer* at the time the contract is made for sale of the bonds or other evidences of indebtedness as authorized by Chapter 17, Section 6602, of the *Illinois Revised Statutes*.

Excess Bond and Interest Fund Monies. Section 19-4 of *The School Code of Illinois* permits the board of education, by resolution, to transfer any funds remaining in a bond and interest account when bonds were issued under Sections 19-2 through 19-6 and the purpose for which those bonds were issued is paid in full. Those remaining funds are to be transferred to the fund of the district which bears the nearest relation to the purpose for which the bonds were issued. This could be a Site and Construction Fund or the Operations, Building and Maintenance Fund (also see: Section 10-22.14).

Section 10-22.14 of *The School Code of Illinois* contains the provision that "When money remains in the building Bond and Interest Fund after the purposes for which the bonds have been issued are accomplished and paid for in full and funds remain on hand in said bond and interest account, such money may be transferred to the Operations, Building and Maintenance Fund upon resolution of the board for regular Operations, Building and Maintenance Fund purposes."

Working Cash Fund Interest. Monies earned as interest from investment of the Working Cash Fund, or any portion thereof, shall be transferred from the Working Cash Fund, upon the authority of the school board by a separate resolution directing the school treasurer to make such transfer to the educational fund, transportation fund or operations, building and maintenance fund of the district without any requirements of repayment to the Working Cash Fund (Section 20-5, *The School Code of Illinois*).

Working Cash Fund Balance to Educational Fund. The board of education of any school district, by resolution, may abolish its Working Cash Fund and transfer any balance to the Educational Fund at the end of the fiscal year. Outstanding interfund loans from the Working Cash Fund shall be paid to the Educational Fund at the end of the fiscal year. Uncollected Working Cash Fund taxes, when collected, shall be paid into the Educational Fund (Section 20-8).

Section 20-6 of *The School Code of Illinois* contains strong penalties for any member of a school board who is guilty of willful violation of any of the provisions of Article 20 (the Working Cash Fund).

The Tax Anticipation Note Act (Chapter 85, Illinois Revised Statutes) contains a section relating to Working Cash Fund transfers when tax anticipation notes have been issued. The following is an excerpt from Section 825 of the Act:

> "Whenever the unit of government has established a working cash fund, as provided by law, the tax rate shall not be reduced below the amount necessary to reimburse any money borrowed from the Working Cash Fund. It shall be the duty of the clerk or secretary of the unit of government, annually, not less than 30 days prior to the tax extension date, to certify to the county clerk the amount of money borrowed from the Working Cash Fund to be reimbursed from the specific tax levy. No reimbursement shall be made to the Working Cash Fund until there has been accumulated from the tax levy to pay the notes in an amount sufficient to pay the principal of and interest on the notes to maturity. At such time as there are no notes outstanding, all proceeds of such levy shall be applied for the specific purpose or purposes for which the notes were issued."

BORROWING MONEY

Many school districts must borrow money to meet cash flow needs or to finance capital projects. It is imperative that school board members and administrators understand the various means whereby borrowing may occur so that the best plan for meeting the specific needs of the district may be adopted. The terms and conditions of borrowing money are dependent upon the credit rating of the district, i.e., a designation used by analysts or rating services to represent relative quality of debt issues. Numerous conditions within the control of the school board affect the credit rating of a district. Good fiscal administration, full disclosure financial reporting, efficiency of operation, and sound board policies help establish a favorable credit rating.

Maximum Bonded Indebtedness. Section 19-1 of The School Code of Illinois contains the debt limits for elementary and high school districts (6.9 percent) and unit districts (13.8 percent). Section 19-1 also provides that a maximum of 15 percent bonded indebtedness may be incurred by certain growth districts when the regional superintendent concurs with the school board's enrollment projections and two-thirds of the electors approve the bond issue.

Short-Term Debt. Section 18-18 of The School Code of Illinois limits school districts' issuance of state aid anticipation certificates, general obligation notes, and tax anticipation warrants so that the total amount of state aid certificates, notes, and warrants outstanding for any fiscal year may not exceed 85 percent of the taxes levied by the district for that year.

Section D -- Short-Term Borrowing

Interfund Loans. *The School Code of Illinois* authorizes school districts to make interfund loans as follows:

> Operations, Building and Maintenance Fund to Educational Fund or Transportation Fund (Section 10-22.33)
>
> Educational Fund to Operations, Building and Maintenance Fund or Transportation Fund (Section 10-22.33)
>
> Transportation Fund to Educational Fund or Operations, Building and Maintenance Fund (Section 10-22.33)
>
> Working Cash Fund to Educational Fund, Transportation Fund, or Operations, Building and Maintenance Fund (Section 20-4)
>
> Monies that are temporarily idle and/or surplus in specific funds may be loaned to cover anticipated interim needs in certain other funds, as cited above. Such monies shall be repaid to the proper fund within one calendar year, except Working Cash Fund loans which must be repaid upon the collection of taxes. Exceptions to the payment of Working Cash Fund loans exist when tax anticipation notes are outstanding.

State Aid Anticipation Certificates. Section 18-18 of *The School Code of Illinois* allows school districts to issue short-term debts, known as state aid anticipation certificates, against general state aid payments. The certificates have the following general characteristics:

- Certificates may not be outstanding as of August 1 in any year, thus limiting their maturity to less than one year;
- Certificates are payable solely from state aid payments;
- Certificates may be issued without referenda;
- The amount of certificates to be issued may not exceed 75 percent of the state aid allocated to the school district for that year as certified by the State Superintendent and Regional Superintendent after subtracting the amount of funds available for transfer from the district's Working Cash Fund;
- The amount of certificates plus the amount of the district's general obligation notes and tax anticipation warrants outstanding for the year, also may not exceed 85 percent of taxes levied by the district for that year;
- The Board, prior to issuing the certificates, shall adopt a resolution designating the purposes for which the proceeds of the certificates are to be expended, the amount to be issued, maturity dates, rate of interest, and other optional provisions.

Personal Property Replacement Tax Notes. Personal property replacement tax notes may be issued in an amount not to exceed 75 percent of the entitlement of replacement taxes for the year anticipated. The entitlement amount must be certified by the Director of the Illinois Department of Revenue. If the entitlement has not yet been certified, notes may be issued based upon 90 percent of the last known entitlement as certified by the Director (Chapter 85, paragraph 824.1).

Tax Anticipation Notes. School districts are authorized to issue general obligation notes in an amount not to exceed 85 percent of the taxes which may be levied for educational purposes. No notes shall be issued during any fiscal year in which there are tax anticipation warrants outstanding against the tax levied for said fiscal year.

The notes shall bear interest at a rate not exceeding the greater of nine percent, or 125 percent of the General Obligation Bonds Index of average municipal bond yields and shall mature within two years. A board of education is required to adopt a resolution fixing the amount of notes, the date thereof, the maturity thereof, the rate of interest thereof (unless the notes are to be sold by public bid), the place of payment, and denomination (which shall be in equal multiples of $1,000). The board resolution also provides for the levy and collection of a direct annual tax upon all taxable property in the district sufficient to pay the principal and interest on the notes to maturity.

When tax anticipation notes are outstanding, it is the duty of the county clerk to reduce the specific tax rate by the percentage necessary to produce an amount to pay the principal of, and interest on, the outstanding notes. However, when the district has established a Working Cash Fund, the tax rate shall not be reduced below the amount necessary to reimburse any money borrowed from the Working Cash Fund. It shall be the duty of the clerk or secretary of the district annually, and not less than 30 days prior to the tax extension date, to certify to the county clerk the amount of money borrowed from the Working Cash Fund that is to be reimbursed from the specific tax levy. No reimbursement shall be made to the Working Cash Fund until an amount sufficient to pay the principal of, and interest on, the notes to maturity has been accumulated from the tax levy. The notes shall be executed in the name of the district by manual or facsimile signature of district officials designated by the resolution. At least one signature on each note shall be a manual signature. The notes may be issued in excess of any statutory debt limitation and shall not operate to reduce the debt-incurring power otherwise authorized for the district. The issuance of notes does not require a referendum (Chapter 85, Section 825).

Tax Anticipation Warrants. When there is no money in the treasury to pay the necessary expenses of the district, a school board may issue warrants, or may provide a fund by issuing and disposing of warrants drawn against, and in anticipation of, any taxes for payment of necessary district expenses. Such warrants may be issued to a legal maximum of 85 percent of the total amount of the tax levied. The warrants show upon their face that they are payable in the numerical order of their issuance solely from such taxes when collected, and such taxes are to be set aside and held for their payment. Every warrant bears interest payable out of the taxes against which it is drawn, at a rate not exceeding the greater of nine percent, or 125 percent of the General Obligation Bonds Index of average municipal bond yields, per annum from the date of issuance until paid, or until notice is given that the money for the warrant is available (Section 17-16).

Teachers' Orders. Wages of teachers are paid in a manner agreed upon by the school board, but at least one payment shall be made during each school month. The board issues and delivers an order to the school treasurer for the amount of salary due. Teachers' orders must be issued when due, even though there is no money in the Educational Fund, and the orders become a liability against future Educational Fund revenue of the district.

The school treasurer cannot pay out funds of a district except upon an order of the school board signed by the president and clerk, or secretary, or by a majority of the board. When teachers' orders are presented to the treasurer and cannot be paid because of lack of funds, the treasurer endorses the orders over his or her signature "not paid for want of funds," marks the date of presentation and records the endorsements. After an endorsement, the order bears interest not exceeding the greater of nine percent, or 125 percent of the General Obligation Bonds Index of average municipal bond yields, per annum, until the treasurer notifies the clerk or secretary, in writing, that he or she has funds to pay the order. The order shall draw no interest after notice is given to the clerk or secretary (Section 8-16).

Special charter districts having a population of less than 500,000 may issue to teachers and other employees of the district, orders in payment of salaries (Section 32-4.14).

Contract Purchasing of School Buses. A school board, by resolution, may enter into a contract for the purchase of buses to be paid for within a three-year period from the date of the resolution (Section 10-23.4).

SECTION E -- Long-Term Borrowing

Working Cash Fund Bonds. For the purpose of creating a Working Cash Fund, the school board of a district having a population of less than 500,000 may incur an indebtedness of issuance of bonds in an amount not exceeding in the aggregate, 75 percent of the taxes permitted to be levied for educational purposes for the current year plus 75 percent of the last known personal property replacement tax revenue entitlement.

Legislation that became effective January 1, 1983, made it more difficult for school districts to issue working cash bonds. The school district, in its published petition, must specify the number of voters required to sign the petition. At the time of publication of the notice and for 30 days thereafter, the recording officer of the district shall provide a petition form to any individual requesting one. Voters are allowed 30 days, rather than ten days, to request that the proposition to issue bonds be submitted to voters. Furthermore, only ten percent, rather than 20 percent, of the voters of the district need to sign the petition in order to have the proposition submitted to the voters.

The Working Cash Fund may be created by issuance of bonds and/or by resolution of the school board to levy an annual tax not to exceed .05 percent. Working Cash Fund monies shall be used only for the purposes provided. Monies in the fund shall not be regarded as current assets available for school purposes and shall not be used by the school board in any manner other than to provide monies with which to meet ordinary and necessary disbursements for salaries and other school purposes. The monies may be loaned to the Educational, Transportation, or Operations, Building and Maintenance Fund and shall be deemed to be loaned in anticipation of the amount of taxes to be received in excess of the amount necessary to pay any outstanding tax anticipation warrants and interest thereon (Sections 20-1, 20-2, 20-3, 20-4, and 20-7).

On August 3, 1983, The Appellate Court of Illinois, Second District, ruled that working cash fund bonds could only be issued to create a working cash fund; bonds cannot be issued to increase the amount in an existing working cash fund, and, in effect, invalidated all bonds issued for this purpose.

House Bill 2316 (1983) was introduced during the fall, 1983, override session. The bill amends Section 20-2 of The School Code of Illinois. The bill provides that:

> "All bonds which were (a) issued prior to the effective date of this amendatory act of 1983; (b) issued pursuant to Article 20 of The School Code of Illinois, as amended; and (c) issued for the purpose of increasing an existing working cash fund; and (d) issued in accordance with the procedures set forth in said Article 20 of The School Code, as supplemented and amended by other applicable laws of this State; are hereby declared to be valid and legally binding obligations in accordance with the terms thereof."

Funding Bonds. At times, orders for the wages of teachers or for the payment of claims are created that cannot be met from current revenue. These obligations may be paid by issuing funding bonds. Before issuing funding bonds, the school board must adopt a resolution declaring its intention to issue bonds for the purpose(s) provided. The notice of intent to issue bonds to pay claims must be published.

The notice informs a district's voters both of the school board's intention to issue bonds and that bonds will be issued unless a petition requesting an election is presented to the board within 30 days from the date of the notice. If a petition signed by at least ten percent of the district's legal voters is filed requesting the school board to call an election, an election must be held before the bonds can be issued (Sections 19-8 and 19-9).

Refunding Bonds. Refunding bonds may be issued to pay the outstanding obligations of a district such as bonds and interest due when funds are not available for their payment, or reissuing callable bonds (which have not matured) at a lower rate of interest. If the district's indebtedness does not exceed the constitutional limitation at the time the bonds are issued, these bonds may be refunded by issuing refunding bonds at a later date. Refunding bonds may be issued without a referendum (Section 19-16).

Fire Prevention, Safety, Environmental and Energy Bonds. School districts may expend tax revenues for fire prevention and safety purposes for the protection and safety of the environment, pursuant to the "Environmental Protection Act," and for energy conservation purposes. Expenditures for fire prevention, safety, and environmental protection have priority over expenditures for energy.

Section 17.2.11a authorizes boards of education to issue bonds, without referendum, for fire prevention, safety, environmental protection, and energy conservation. The intent of the law concerning the authority to issue bonds is to expedite the rehabilitation of buildings to meet fire prevention and safety standards, to meet environmental regulations, and to reduce energy consumption.

Building and School Site Bonds. A school district is not required to hold a referendum to purchase a building site, but there must be a favorable vote by the voters of a district before bonds may be issued or a building constructed. Expenditures for the purchase of a building site and additions to existing structures may be made from the Operations, Building and Maintenance Fund without approval of the voters. School boards shall not accumulate monies from taxes for building purposes and the purchase of school grounds unless there is voter approval for this action (Section 17-5.1). A favorable referendum must be held to authorize acquisition of a residential site for a school district (Sections 19-2 and 19-3).

School Sites and Office Facilities. A board of education may buy or lease school building sites and school offices. The purchase of such sites or office facilities may be by contract for deed, with a maximum of ten years (Section 10-22.35a). Districts may borrow funds for the purchase and/or improvement of real estate for vocational education purposes.

Revenue Bonds for Exhibition Facilities. Section 19a-4 of *The School Code of Illinois* authorizes boards to issue bonds, after referendum, to pay existing deficiences from exhibition facilities revenue bonds previously issued. Revenue bonds may be issued without referenda under Section 19a-2 for buildings or stadiums constructed to be used primarily for athletic spectator sports.

Tort Judgment Bonds. Chapter 85, Section 9-105, *Illinois Revised Statutes* allows school districts to issue tort judgment bonds for the payment of liabilities created by a tort judgment against the district.

SECTION F - Recording of Selected District Revenue

Corporate Personal Property Replacement Funds

Corporate Personal Property Replacement funds are administered by the Illinois Department of Revenue. Districts began receiving payments of corporate personal property replacement tax revenue in January, 1980. Replacement revenues are recorded as "Payments in Lieu of Taxes" - Revenue Account Number 1230. The payment schedule for corporate personal property replacement funds is eight payments per year. The scheduled payment dates are:

January 20
March 20
April 20
May 20
July 20
August 20
October 20
December 20

Corporate personal property (CPP) replacement tax revenues must be first applied to the Bond and Interest Fund and the Municipal Retirement Fund to replace tax revenues lost due to the abolition of the corporate personal property tax. The bond and retirement lien percentages of the personal property replacement tax are based on the 1978 tax year collections of property taxes. Steps for computing the lien amounts for the Bond and Interest Fund and the Municipal Retirement Fund (MRF) are as follows:

1. Amount needed for Bond and Interest payments for bonds issued prior to January 1, 1979, $________.
2. Amount needed for Municipal Retirement Fund (MRF) $________.
3. 1978 Corporate Personal Property Tax Collections Divided by 1978 Total Tax Collections = 0.xx
4. Line 1 x Line 3 = Earmarked Bond and Interest Money
5. Line 2 x Line 3 = Earmarked MRF Money

After satisfying the two liens for the Bond and Interest Fund and the Municipal Retirement Fund, the corporate personal property replacement tax revenue may be deposited into any fund, other than Site and Construction, which receives tax receipts.

Tax Revenues. Tax revenues are to be prorated according to the tax extension into the respective account and/or fund upon receipt. School districts receiving taxes under the accelerated method of tax billing prior to knowing the actual proration should use the prior year's proration schedule. If the district is informed of the actual proration prior to July 1, then the district should make the necessary adjustments. If the district does not know the proration by July 1, the auditor should make the necessary adjustments retroactive to June 30.

Proceeds from Sale of Property. School boards shall use the proceeds from the sales of school sites, buildings, or other real estate, first to pay the principal and interest on any outstanding bonds on the property being sold, and after all such bonds have been retired, the proceeds from the sale may be utilized for any authorized purpose and may be deposited into any district fund (Section 5-22). Revenue Account Number 1932.

General State Aid. Section 18-8 provides that General State Aid monies may be recorded into any fund for which the district is authorized to make expenditures. Revenue Account Number 3110. General State Aid monies may not be recorded in the Working Cash Fund as no expenditures (only loans and transfers) are permitted from the Working Cash Fund.

General State Aid Interest. House Bill 497 (1982) provided for compensation to school districts for the delay of the final General State Aid payments. Each district received an amount equal to the ratio of their net General State Aid Entitlement to the state total net General State Aid Entitlement times the amount appropriated for such compensation. Senate Bill 328 (1983) appropriated $1,412,450 for this purpose. Districts shall record the revenue in Account Number 3290, Other Grants-in-Aid.

Privilege Tax on Mobile Homes. The revenues from the privilege tax on mobile homes should be recorded in Revenue Account Number 1210. These tax monies may be recorded in any fund for which the district is authorized to make expenditures. They may not be recorded in the Working Cash Fund for the reasons stated above.

Capital Development Board Funds. In the event that school districts receive funds from the Capital Development Board for the retirement of bonds, they shall record these monies as follows:

1. The principal amount shall be recorded in the Bond and Interest Fund under the classification, Capital Development Board Principal, Revenue Account Number 3261.
2. The debt service interest amount shall be recorded in the Bond and Interest Fund under the classification, Capital Development Board Interest, Revenue Account Number 3262.

State Aid Received as a Result of Bankruptcy Proceedings. House Bill 487 (1975) amended Section 18-9 of The School Code of Illinois to allow districts to amend General State Aid claims when taxes have not been paid as a result of bankruptcy proceedings. Districts may amend General State Aid claims back to the inception of bankruptcy, not to exceed six years. Monies received should be recorded in the General State Aid, Revenue Account Number 3110 in any fund from which the district is authorized to make expenditures.

If a district receives back taxes from bankrupt property, then the next General State Aid entitlement is reduced in an amount equal to the taxes paid on such property, not to exceed the additional state aid received under the provisions of this Act.

Section G -- Handling of Selected District Expenditures

Board Payment of Employee Share of Teacher Retirement. In those instances where local boards of education have agreed to pay all or a portion of the employee contribution to the Teacher Retirement System, the payment should be coded as an employee benefit (object #2, Illinois Program Accounting Manual). In the preparation of IRS forms, local districts paying the entire employee contribution should consider the amount for survivors' benefit (one percent) as salaries (object #1, Illinois Program Accounting Manual) and the shelterable amount (seven percent) as a fringe benefit. Salaries should be charged to appropriate function numbers (where employees work), along with the proportional share of employee benefits.

House Bill 1108 (1982) amended the means for determining the amount of employee and employer contributions for early retirees. The contribution shall be based on the highest, rather than last, full-time annual salary during the fiscal years which were considered in determining the final rate of earnings.

The bill also provided that the employer shall pay the employer contribution from the same source of funds which is used in paying earnings to employees. The bill extended the early retirement sunset provision from before June 30, 1985, to before June 30, 1990.

Unemployment Insurance. Illinois school districts are subject to the Unemployment Compensation amendments of 1976. Districts have the option of electing a percentage contribution or dollar-for-dollar reimbursement to the State Unemployment Fund. Federal program monies may be used for their proportionate share of the contribution payment or toward building a self-insurance reserve for making reimbursement payments.

Expenditures should be charged to the same fund from which salaries are paid. Districts should charge expenditures to Account Number 1-231-380, in the Educational Fund, Account Number 2-254-380 in the Operations, Building and Maintenance Fund, and Account Number 4-255-380 in the Transportation Fund. If cost allocation is desired, districts can distribute the Educational Fund costs to the proper functions. School districts have the authority to levy, for unemployment compensation insurance in the tort immunity tax levy.

Free Meals - Social Security Payments

The Social Security Division of the State Employees Retirement System of Illinois has released instructions concerning the wage status of meals or lodging furnished employees as changed by the June 8, 1981, U.S. Supreme Court Decision in Rowan vs. United States. Basically, the revised instructions are that meals furnished employees are not wages for social security if the meals are furnished on the school premises, and the meals are furnished for the convenience of the employer.

Shelterability of Board-Paid Teacher Retirement

The Internal Revenue Service has issued two general revenue rulings (81-35, 81-36) detailing the circumstances under which a board of education may treat its contributions to the State Teachers' Retirement System (TRS) on behalf of its employees as excludable from gross income for federal income tax purposes. Under the rulings, board contributions to TRS will be treated as excludable from gross income if the district's plan meets the following two criteria:

> The board must specify that the contributions, although designated as employee contributions, are being paid by the board in lieu of contributions by the employee; and
>
> The employee must not be given the option of choosing to receive the contributed amounts directly instead of having them paid by the employer to the pension fund.

Section H -- Public Treasurers' Investment Pool

Finding a suitable place for short-term investments of small amounts of excess monies is often difficult for many school treasurers. The Illinois Public Treasurers' Investment Pool is designed to provide a convenient and economical means of investing short-term funds. Funds can be invested over the weekends to capitalize on every investment opportunity as there is no minimum holding period. The management and operation of the pool is under the supervision of the State Treasurer and is open to participation by local school districts and other governmental units.

Other features of the pool include:

- Minimum participation amount is $10,000. Deposits and withdrawals must be made in multiples of $1,000.

- Daily availability of funds with a minimum charge only after the participant exceeds five transactions per calendar month.

- Income is computed daily and reinvested.

- Participants receive a monthly statement and a check for accrued interest.

- Funds deposited one day may be withdrawn the next.

To investigate the possibilities of participating in the pool, contact the Treasurer, State of Illinois, State Capitol Building, Springfield, Illinois 62706, telephone number: 217/782-2211.

Section I -- State of Illinois Cooperative Purchasing Program. The Joint Purchases by the Governmental Units Act allows the joint purchase of personal property, supplies, and services by certain governmental units. School districts may participate in this program.

Joint purchasing generally results in reduced costs due to volume buying and reduced advertising costs. Along with actual dollar savings, indirect savings must also be considered. Elimination of administrative duplication in processing requisitions, evaluating bids, making awards, and testing items are some examples of indirect saving measures. It may not be practical to cooperatively purchase all required items of a governmental unit, and not all items are available through this program. Examples of items which may be purchased cooperatively include light bulbs, tires, office supplies, and maintenance and automotive supplies.

Districts interested in the cooperative purchasing program should contact:

State Purchasing Agent
Office of Procurement
Department of Central Management Services
801 Stratton Building
Springfield, Illinois 62706
217/782-2301

Section J -- Indirect Costs. Indirect costs (frequently called overhead costs in the private sector) are costs of a general nature incurred for the benefit of several activities (programs, grants, or contracts). These are costs that are widespread and cannot be readily identified with only one activity, but benefit several activities for a common or joint purpose. Indirect costs include costs for supporting services such as purchasing, budgeting, payroll, accounting, data processing, and staff services.

Direct costs are those costs that are readily and specifically identified as costs for a particular activity and chargeable to a certain area or program. Direct costs include salaries, fringe benefits, and all other direct program cost expenses (but exclude distorting expenses such as capital outlay and debt retirement).

Rather than trying to allocate the various indirect costs to the applicable programs, grants or contracts, an indirect cost rate can be used to charge these general expenses to the various activities. The indirect cost rate is the ratio of the district's total indirect costs to the total direct costs. This rate (computed as a percentage) can then be used to determine the indirect costs applicable to a particular program, grant, or contract.

There are two types of indirect cost rates--a restricted indirect cost rate and an unrestricted indirect cost rate. Their uses are determined by applicable state or federal law, but in general:

> A restricted rate is applied to programs that only supplement and do not supplant or replace local efforts. This rate contains indirect costs primarily related to administration and business support functions. Unrestricted rates apply to other federal programs which do not contain supplanting assurances.

When the appropriate indirect cost rate is multiplied by the direct costs charged to the program, the amount of indirect costs to be borne by the program is determined.

Indirect cost rates must be calculated by the Illinois State Board of Education under United States Department of Education (DOE) guidelines. The rate is based on applicable expenditures from the school districts' "Annual Financial Report." Sample restricted and unrestricted indirect cost computations are shown in Appendix G. The instructions are included in Appendix H.

Section K - Per Capita Tuition Charge and Operating Expense Statistics

The per capita tuition charge represents expenditures by a local district from funds received from local property taxes, common school fund monies, and allowances for depreciation. This is the amount a district charges as tuition to nonresident pupils. Section 18-3 of The School Code of Illinois defines the procedures for computation of the per capita tuition charge. It is computed by deducting revenues for state categorical programs, local user fees, and federal receipts and adding a depreciation allowance to the allowable operating expenses. A sample per capita tuition charge computation is shown in Appendix I.

The operating expense per pupil represents the total operating cost of a local district except for non-regular K-12 program expenses including adult education, summer school, and capital expenditures. The statistics are computed annually from information contained in a district's annual financial report. Per pupil cost is obtained by dividing the allowable expenditures by the average daily attendance for the regular school year. A sample of the operating expense per pupil computation is shown in Appendix I.

Section L -- Business Official Certification

Section 10-22.23a of *The School Code of Illinois* empowers school boards to employ a chief school business official. Any chief school business official first employed on or after July 1, 1977, shall be certified under Section 21-7.1 of *The School Code of Illinois*. Experience as a school business official in an Illinois public school district prior to July 1, 1977, shall be deemed the equivalent of certification.

CHAPTER V

Illinois Financial Accounting Committee and Illinois Public School Finance Project

Illinois Financial Accounting Committee

Adequate school district financing and improved school district management are two of the specific goals of the Illinois State Board of Education. One of the advisory committees appointed by the State Superintendent of Education that deals with and assists in fulfilling these goals is the Illinois Financial Accounting Committee.

This committee has been charged with improving school district financial procedures and reviewing proposed and existing legislation affecting school district financial affairs. Section 2-3.27 of The School Code of Illinois charges the Illinois State Board of Education with the responsibility to formulate and approve forms, procedures and regulations for school district accounts and budgets, to advise and assist the officers of any district in respect to budgeting and accounting practices, and to confer with various district, region, and state officials. The Illinois Financial Accounting Committee functions to aid and assist the Illinois State Board of Education with the aforementioned goals.

Broad goals of the committee include, but are not limited to:

> Striving to improve the effectiveness of school district management at the state and local level through various means including position papers, resolutions, and other general recommendations.
>
> Proposing and reviewing legislation in areas of school finance and school management.
>
> Advising the Finance and Reimbursements Department, Illinois State Board of Education, of problem areas, related to school finance, accounting, and management, which need clarification or study.
>
> Providing a focal point for meetings of auditors, accountants, treasurers, attorneys, business officials, and Illinois State Board of Education management personnel in areas affecting school district accounting, finance, and school business management, e.g., data services, school facilities, budgeting, financial reporting, child nutrition programs, audits, purchasing, pupil transportation, reimbursements, and finance.
>
> Serving as conference leaders and speakers at school management and finance workshops and conferences.
>
> Editing and writing pamphlets on school finance and management-related issues.
>
> Serving as a sounding board to the Illinois State Board of Education on financial rules and regulations.

During 1982-83, the committee completed work on the single audit concept. The committee assisted in the completion of the Illinois State Board of Education Guide to Auditing and Reporting for Illinois Public Local Education Agencies, subject to any refinements, corrections, updates and/or other changes which may be directed by the United States Department of Education. Work was begun on a publication of model financial reports for school districts to use in reporting financial information to their communities; this project was turned over to the Illinois Association of School Business Officials (IASBO) for completion.

In addition to participating in a variety of workshops and conferences on school management, members provided testimony before the Illinois State Board of Education, the School Problems Commission, and the Illinois General Assembly.

Mr. William Farley, Assistant Superintendent, Elgin Unit School District Number 46, is the 1983-1984 committee chairperson; Mr. Edward LeFevre of the Peat, Marwick, Mitchell and Company, is the vice-chairperson; Dr. Louis D. Audi, Manager, Finance Section, Illinois State Board of Education, is secretary.

Committee membership for Fiscal Year 1984 is as follows:

Ms. Julia Atkinson, Second Vice President, Continental Bank, Chicago, Illinois

Mr. John Barbre, Business Manager, School District 95, Carbondale, Illinois

Dr. Fred Bradshaw, Assistant Superintendent, Finance and Reimbursements Department, Illinois State Board of Education, Springfield, Illinois

Mr. Richard Ewanio, Business Manager, School District 23, Prospect Heights, Illinois

Mr. Lawrence E. Hupe, Worth Township Treasurer, Worth, Illinois

Dr. Calvin Jackson, Superintendent, School District 3, Fairbury, Illinois

Mr. Harvey Jenkins, Controller/Treasurer, School District 150, Peoria, Illinois

Mr. Gary D. Jewel, Superintendent, School District 129, Aurora, Illinois

Mr. Dan Johnson, Attorney, Chapman and Cutler, Chicago, Illinois

Dr. Dale E. Kaiser, Professor, Southern Illinois University, Carbondale, Illinois

Mr. Robert Kuhn, Certified Public Accountant, Evanston, Illinois

Mr. William Lamb, Assistant Regional Superintendent, Rock Island, Illinois

Ms. Lori Pike, Business Manager, School District 116, Urbana, Illinois

Mr. Robert E. Pyle, Manager, Reimbursements Section, Illinois State Board of Education, Springfield, Illinois

Mr. Paul Swinford, Deputy Superintendent, School District 365U, Romeoville, Illinois

Ex-Officio Members, Illinois State Board of Education:

Mr. Don Drone, Manager, Internal Audits Section

Dr. Dean Mack, Manager, School Organization and Facilities Section

Mr. Ron Reguly, Manager, Audit Section

Ms. Karol Richardson, Manager, Food and Nutrition Program

Mr. Ken Smith, Manager, Data Services

Finance Section Staff Members, Illinois State Board of Education (serving as liaison representatives to subcommittees):

Mr. Richard Loman, Finance Consultant
Ms. June Walley, Finance Consultant
Mr. Dave Weidler, Finance Consultant
Mr. Mark Wilcockson, Local Education Agency Accounting Specialist

Principal Committee activities for 1983-1984 include the following:

Complete work on a simplified Financial Reporting Manual

Recommend new legislation

Review proposed legislation

Update the Illinois Program Accounting Manual and standardization of accounting procedures

Study joint agreements/cooperatives

Review allowable pupil transportation costs

Review special education per capita tuition costs

ILLINOIS PUBLIC SCHOOL FINANCE PROJECT - TECHNICAL ADVISORY PANEL
REPORT SUMMARY

The State Board of Education in May 1981 authorized the initiation of the Illinois Public School Finance Project. The major goal of the Project is to develop recommendations for implementation of a new system of financing public schools that 1) generates adequate revenue for education on a basis that is fair to the taxpayers; 2) distributes state funds for education at levels that are adequate to the extent revenues allow and in ways that are fair to school districts and students; and 3) facilitates local management practices that utilize resources effectively and efficiently.

As part of this task, the State Board of Education and State Superintendent of Education, Donald G. Gill, appointed a Technical Advisory Panel (TAP) consisting of 14 public and private sector members. One of the private sector members, Robert Jamieson of Peoria, was named chairperson of this Advisory Panel. In addition, the Review/Liaison Group was appointed by the TAP to serve as a communications link with the various organizations with interests in education. Approximately 20 organizations and several legislators are members of this communications group.

A study plan was developed which identified 26 topics to be studied by Project researchers. Twenty-four of these studies were assigned to State Board of Education staff. Two studies, the Illinois Cost of Education Index (CEI) and Program Cost Differentials (PCD), were conducted for the State Board by Associates for Education Finance and Planning (AEFP), a consulting firm specializing in these areas of school finance. AEFP combined the results of the two studies into a "Resource Cost Model" approach to school finance. Use of the Resource Cost Model (RCM) is one of the Technical Advisory Panel's innovative public school finance system recommendations. The 26 studies were completed in February 1983 and synthesis of the findings was undertaken.

The Technical Advisory Panel held several meetings in April, June and early July 1983 to prepare the Panel's formal report for presentation to the State Board on September 1, 1983. The report, "A Comprehensive System for Financing Illinois Public Education," contains 44 recommendations for the State Board's consideration. A complete list of the Technical Advisory Panel's recommendations are provided on the following pages.

Currently, Project staff is refining the results of the studies to expedite adoption and implementation of the TAP's recommendations. Assisting in this refinement process are the RCM Committee, which is composed of government and school staff and officials, and the Superintendent's Advisory Committee on Financing Public Education. Additionally, three school finance experts have been engaged to examine the cost of education index to insure its technical validity, identify procedural simplifications, and recommend approaches that will aid in the effective implementation of this method of measuring cost differences into Illinois' school finance system. The consultants' final report was submitted during October, 1983. The Technical Advisory Panel will continue to provide guidance to Project staff and the State Board.

When the Illinois Public School Finance Project was initially conceived in early 1981, it was the Project's goal to develop recommendations that could be implemented in Fiscal Year 1985. Activities during Fiscal Year 83 have maintained this timetable.

Technical Advisory Panel Recommendations

The titles accompanying each recommendation refer to the Project staff reports in which the recommendations originally appeared. It is important to note that some of the original staff recommendations were significantly refined by the TAP and others were not accepted. Also to more fully appreciate the Panel's perspective each recommendation in this paper should be considered in the context of the individual staff reports and the issues of continuing concern expressed by the TAP that are presented in the Panel's final report. Copies of individual study reports are available upon request.

I. DISTRIBUTION OF STATE AND FEDERAL FUNDS

A. "A COMPREHENSIVE SYSTEM FOR FINANCING ILLINOIS PUBLIC EDUCATION"

1. Based on the belief that the primary goal of a distribution mechanism in a comprehensive public school finance system is to enhance the equitable distribution of available resources to provide educational services to students, all state and federal funds, with the exception of federal Chapter 1 and Chapter 2 funds and funds for other federal programs that contain requirements that would make their inclusion in a Resource Cost Model based funding mechanism burdensome, should be distributed on an equalized basis through the use of a foundation formula with components as defined in the following recommendations.

2. Unique local school district fiscal need should be measured through the use of the Resource Cost Model process and should serve as a primary basis for determining state funding for education ("Local School District Fiscal Need").

3. Pupils enrolled linked to staffing assignments should be the basic unit of local school district need and should then be incorporated into the Resource Cost Model. Enrollment data should be adjusted by an attendance factor calculated by dividing average daily attendance by enrollment. Procedures should be established by the State Board of Education to insure that students are receiving the reported services ("Local School District Fiscal Need").

4. Local school district fiscal capacity should be measured on the basis of a combination of equalized assessed valuation and individual income within local school districts. In order to implement this recommendation, the state should collect individual income data by school district ("Income/Fiscal Capacity/Effort").

5. The operating tax rate should be used as the required qualifying rate in the state aid formula to measure local school district effort ("Income/Fiscal Capacity/Effort").

B. "A REASONED BASIS FOR TAXING AUTHORITY"

The tax rates used in the general state aid formula should be changed to be aligned proportionally with the underlying statutory tax rate changes. Adjustments to these qualifying tax rates should be made on a weighted proportion of educational costs based on program cost differentials.

C. "THE IMPACT OF DIFFERENTIAL PROPERTY ASSESSMENT LEVELS UPON ILLINOIS FUNDING FOR EDUCATION"

Since the local tax rate does not accurately measure effort, the formula to be used to distribute state aid should not rely on local tax rates as a measure of effort (other than for qualifying rates) unless a measure such as an effective tax rate can be developed.

D. "PROGRAM ADEQUACY"

1. The goals against which student needs are to be measured must be articulated by the State Board of Education and should be stated in such a manner that progress toward them can be measured.

2. These goals should serve as the basis for formulating specific standards which clearly establish the components of adequate elementary and secondary education programs.

3. A wide range of Illinois citizens representing the general public, education, business/industry, labor, and government constituencies should participate in the process of formulating the goals, standards, and program adequacy components.

4. These goals, standards and components should be the framework for developing a program adequacy assessment system.

5. The State Board of Education should utilize the evaluation results obtained from implementation of the program adequacy assessment system as the basis for ongoing decision making and policy development regarding:

    a. modification or continuation of the goals, standards, and program components and

    b. the generation and allocation of fiscal resources.

E. "LOCAL SCHOOL DISTRICT FISCAL NEED"

Further research should be conducted to ascertain the extent, if any, of additional fiscal burden placed on school districts that have high concentrations of poverty. Following conclusion of this poverty concentration research, if a need has been indicated, then specifications should be added to the Resource Cost Model to account for this burden. In the interim, a proxy should be used in the RCM to account for higher costs that districts with high concentrations of poverty experience for select support services (e.g. security, health services) at the school district level.

F. "EQUITY MEASURES"

1. The equity goals of the school finance system should be determined and explicitly stated.

2. Equity measures which are consistent with these equity goals should be utilized in annual evaluations of the system.

II. GENERATION OF REVENUES

A. "A REASONED BASIS FOR TAXING AUTHORITY"

1. The Illinois State Board of Education should submit legislation that would enact changes in the level of nonreferendum tax rate limits for school districts. The new limits should be proportional by district type based upon student population and program cost differentials.

2. Permissive taxing authority for unit districts (including Chicago School District Number 299) should be statutorily increased.

3. Consideration should be given to allowing the Chicago District to tax for pupil transportation purposes and downstate school districts to tax for textbooks.

B. "CORPORATE PERSONAL PROPERTY REPLACEMENT REVENUE"

1. The State Board of Education should adopt policy positions in opposition to any new legislation that would erode corporate replacement revenues to local school districts without provision for replacement.

2. The State Board of Education should support a new study of the distribution of corporate personal property replacement revenue to school districts to determine whether such revenues grossly distort equity measures and permit districts to tax far below the qualifying tax rates for state aid.

3. If need can be empirically demonstrated, the State Board of Education should seek new funding sources in the event that corporate personal property replacement taxes are further eroded or eliminated.

C. "THE IMPACT OF DIFFERENTIAL PROPERTY ASSESSMENT LEVELS UPON ILLINOIS FUNDING FOR EDUCATION"

1. The number of assessing districts should be reduced and the administration of the local property tax, particularly assessment practices, should be centralized at least to the county level.

2. Assessments and assessment procedures should be standardized based on state guidelines, and the enforcement powers of state officials should be increased.

3. The current method of classifying real property has adverse effects on school funding, but lacking more information on the appropriate way to resolve these problems, it is recommended that additional research be conducted to determine appropriate solutions.

4. The name or number of the school district in which a parcel of property is located should be included on the real estate transfer declaration that is completed when property is sold.

D. "COMPOSITION OF PROPERTY TAX BASE"

1. In order to improve the equity of the current property tax system, the State Board of Education should support the expansion of current state grants that provide property tax relief (e.g., circuit breaker) and should oppose general property tax reductions or exemptions.

2. The State of Illinois should assess for inclusion in the local property tax base of units of local government including school districts the real property of utilities used for the production, transmission or delivery of electricity.

   Safeguards such as a phase-out/phase-in approach should be provided so that districts that would experience a substantial reduction in local revenue as a result of redistribution of the funds generated by taxing the electric utility's real property would not be required to suffer immediate interruption in educational programs. The safeguards should include provision for a substantial proportion of the assessment to be allocated to the units of local government including school districts in which such property is located and the remainder should be allocated statewide to other units of local government including school districts.

E. "REVENUE FOR ILLINOIS EDUCATION NEEDS"

Illinois should increase state sources of revenues for education from nonearmarked funds. Increased state revenues should be used to improve both taxpayer and student equity, provide revenues needed to assure an appropriate level of educational services as defined by the Resource Cost Model, and move toward fulfilling the Constitutional directive that the State has the primary responsibility for funding education.

III. MANAGEMENT OF RESOURCES

A. "A COMPREHENSIVE SYSTEM FOR FINANCING ILLINOIS PUBLIC EDUCATION"

1. The Resource Cost Model should not provide disincentives to reorganization or consolidation. Financial incentives provided for school districts to reorganize into different organizational types should be separate from funds provided to districts to equalize educational resources.
2. The statutes regarding school district reorganization should be thoroughly reviewed for the purpose of removing disincentives to reorganization.
3. Consideration should be given to alternative ways of protecting the interests of communities in "affected districts" without thwarting the desires of citizens in "proposed districts."
4. The prior year Equalized Assessed Valuation should be used as the basis for establishing the amount of revenue to be extended for local school district levies. Collection and distribution years should remain the same. The amount so determined should be extended against the Equalized Assessed Valuation of the year of levy.

B. "A REASONED BASIS FOR TAXING AUTHORITY"

Reorganization of school districts should not be hindered by disproportionate tax rates. Maximum authorized tax rate limits should be changed to eliminate obstructions to reorganization.

C. "IMPACTS AND IMPLICATIONS OF ENROLLMENT CHANGES AND INFLATION ON PUBLIC SCHOOL REVENUES AND EXPENDITURES"

1. There is a need to develop a measure of inflation, other than the Consumer Price Index, that is designed exclusively for use in school finance. The measure should reflect geographic differences in economic conditions over time and the resource consumption habits of reasonably well managed and effective school districts.

2. A study is needed to identify more precisely the changes in district level expenditures that result from a change of one pupil in enrollment (i.e. marginal expenditure changes) within the context of an educational program of acceptable standards.

D. "INDICATORS OF FISCAL CRISIS"

1. The State Board of Education should introduce legislation that seeks to prevent local districts from incurring excessive short-term debt. Areas in which legislation should focus include:

   a. The Working Cash Fund -- School districts should not be authorized to annually abolish the Working Cash Fund to finance school district operations. Prior to the abolition of a Working Cash Fund by a local school district, the State Board of Education should certify, in accordance with Public Act 82-0484, that a financial crisis exists and then the affected school district should adopt a three-year financial plan that has been approved by the State Superintendent of Education.

   b. Deficit Financing -- Districts should not be allowed to adopt a proposed fiscal year budget for the Educational, Operations, Building and Maintenance, Transportation, and Working Cash funds that projects expenditures that will exceed budgeted revenues and cash and cash equivalents by ten percent. State monitoring should be implemented if actual expenditures from these funds exceed revenues and cash and cash equivalents for two consecutive years or if budgeted expenditures exceed projected revenues and cash and cash equivalents by ten percent or more.

   c. Tax Anticipation -- School districts should be prohibited from selling two issues of tax anticipation notes or warrants for two different levies within the same fiscal year without the approval of the State Superintendent of Education and the approval of a three-year financial plan in accordance with guidelines established by the State Board of Education.

2. The State Board of Education should support legislation that improves financial publication requirements for school districts. These reporting improvements should include:

   a. Replacing outdated and unnecessary portions of the required annual statistical statement for publication with more meaningful charts and graphic displays of expenditures and revenue data for the district. A structured set of questions should guide and provide opportunity for meaningful narrative explanation of district fiscal problems.

b. Adding a full disclosure balance sheet to the annual financial report statements submitted to the State Board of Education. The additional statement should disclose major changes in financial status which may occur without cash being involved in the transaction. The statement should reflect uniform methods of recognizing property taxes receivable, other accounts receivable, major accounts unpaid and salary expenses due but unpaid.

3. All counties should be required by statute to adopt the accelerated billing method of property tax collection and distribution in order that initial collections could be made in the first quarter of the calendar year. Distributions should be made on a quarterly basis to help stabilize the cash flows of school districts.

4. The State Board of Education should propose legislation that provides statutory guidance for continued operation of a school district which closes for reasons of financial difficulty.

5. The State Board of Education should continue to develop and improve its financial planning, analysis and monitoring systems for Illinois school districts. If the State Board of Education's financial monitoring system indicates that a school district is approaching severe financial problems, the State Board should notify the district's administrators and board, as well as the citizens of the community, of its concerns. Staff of the State Board should serve in an advisory role and assist local administrators and school boards in maintaining the integrity and control of their local system of financing education.

Additional information about the Project can be obtained from Dr. Suzanne Langston, Illinois State Board of Education, 100 North First Street, Springfield, Illinois 62777 (telephone: 217/782-0737).

APPENDIX A

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IV. STATUS OF CHALLENGES UNDER STATE CONSTITUTIONS TO K-12 SCHOOL FINANCE SYSTEMS, JUNE, 1983

A. CASES IN WHICH THE STATE FINANCE SYSTEM WAS FOUND TO BE UNCONSTITUTIONAL (Usually as violating the equal protection clauses and/or the education clause of the State Constitution).

1. California (*Serrano* v. *Priest*) (1971) (1976)
2. Connecticut (*Horton* v. *Meskill*) (1977)
3. New Jersey (*Robinson* v. *Cahill*) (1973)
4. Washington (*Seattle School District No. 1* v. *Washington*) (1978)
5. Wyoming (*Washakie* v. *Herschler*) (1980)
6. West Virginia (*Pauley* v. *Kelly*) (1982)
7. Arkansas (*Alma* v. *DuPree*) (1983)

B. CASES WHERE THE COURT REJECTED CHALLENGES TO THE CONSTITUTIONALITY OF THE STATE SCHOOL FINANCE SYSTEM

1. Michigan (*Milliken* v. *Green*) (1983)
2. Arizona (*Hollins* v. *Shofstall*) (1973)
3. Idaho (*Thompson* v. *Engelking*) (1975)
4. Oregon (*Olsen* v. *Oregon*) (1976)
5. Ohio (*Cincinnati* v. *Walter*) (1979)
6. Pennsylvania (*Danson* v. *Casey*) (1979)
7. Georgia (*McDaniel* v. *Thomas*) (1980)
8. Oklahoma (*Fair School Finance Council of Oklahoma* v. *Oklahoma*) (1981)
9. New York (*Levittown* v. *Nyquist*) (1982)
10. Colorado (*Lujan* v. *Colorado State Board of Education*) (1982)
11. Maryland (*Somerset* v. *Hornbeck*) (1983)

C. CASES PENDING IN LOWER COURTS CHALLENGING THE CONSTITUTIONALITY OF THE SCHOOL FINANCE SYSTEM

1. Massachusetts (*Webby* v. *King*)
2. California (*Serrano* v. *Priest*)
3. Connecticut (*Horton* v. *Meskill*)
4. New Jersey (*Abbott* v. *Burke*)
5. New Hampshire (*Jesseman* v. *New Hampshire*)
6. Wisconsin (*Kukor* v. *Thompson*)
7. South Dakota (*Oster* v. *Kneip*)
8. Washington (*Seattle School District No. 1* v. *Washington*)
9. Michigan (*East Jackson Public Schools* v. *State*) (1982)
10. Florida (*Palm Beach* v. *State Board of Education*) (1982)

APPENDIX B

GLOSSARY

ASSESSED VALUATION: The total value of the real property of a school district, as determined by assessment. This provides a basis for levying taxes.

AVERAGE DAILY ATTENDANCE (ADA): The aggregate number of pupil days in attendance divided by the number of days in the regular school session. A pupil who attends school for five or more clock hours while school is in session constitutes one pupil day of attendance. The computation period for the average daily attendance used to determine General State Aid is the three months with the highest average daily attendance.

BOND: A written promise, signed by the president and clerk of the board, to pay a specified sum of money (the face value) at a fixed time in the future (the date of maturity) and at a fixed rate of interest.

BONDING POWER REMAINING: The difference between the statutory debt limitation, 6.9 percent of equalized assessed valuation in dual districts and 13.8 percent in unit districts, and the amount of bonds outstanding. The statutory debt limitation may be 15 percent when certain requirements are attained.

BUILDING BONDS: Bonds sold for the sole purpose of acquiring or constructing school buildings and/or sites for school buildings.

CAPITAL DEVELOPMENT BOARD: The state agency responsible for providing school sites, buildings, and equipment to meet the needs of school districts unable to provide such facilities because of lack of funds and constitutional bonding institutions. The board also approves funds for area vocational centers and administers school facilities legislation in cooperation with the Illinois State Board of Education. The State Board of Education can receive and approve school construction project grants, planning assistance grants and debt service grants for school districts. The State Board of Education establishes eligibility standards and the priority needs standards, and notifies the Capital Development Board of approved construction projects. The State Board of Education is empowered to issue grant entitlements to school districts.

CATEGORICAL AID: Money from the state or federal government that is allocated to local school districts for special children or special programs.

COMMON SCHOOL: A term used interchangeably with "local education agency," "local school district," and "public school."

COMPARABILITY: Equalization of services funded by state and local resources in Chapter 1 and non-Chapter 1 attendance centers must be attained before ECIA Chapter 1 funds can be authorized.

CORPORATE PERSONAL PROPERTY REPLACEMENT FUNDS - These are taxes paid in lieu of taxes paid on 1978 and prior years Corporate Personal Property assessed valuation.

COST OF EDUCATION INDICES (CEI): The Cost of Education Indices (CEI) are the product of definite procedures employed to measure variations across local school districts in the costs (personnel, energy, and transportation) of providing comparable educational services to comparable student populations.

DUAL SCHOOL SYSTEM: The situation in which a separate elementary district (grades pre-K-8) and a high school district (grades 9-12) exist in a given geographical area.

EFFORT: See Tax Effort.

EQUALIZED ASSESSED VALUATION: The total value of the real property of a district determined by assessment and application of multipliers, which are calculated and assigned by the county board of review and the Illinois Department of Revenue. Theoretically, this system equalizes property assessments throughout the State at 33 1/3 percent of fair market value of the property. There are exceptions on farm property and in home rule counties.

In determining a district's wealth for General State Aid purposes, a district's corporate personal property replacement funds are divided by a total tax rate to generate a corporate personal property replacement equalized assessed valuation. This computed amount is combined with a district's real property equalized assessed valuation to determine its wealth for computing General State Aid Entitlement and Regular Pupil Transportation Claims.

FORMULA GRANT: A grant for state and/or federal funds to a state or school district, the amount of which is determined by a formula included in the legislation. Such grants must be applied for, and the State or school district is usually required to submit to the funding agency data to support its entitlement, an acceptable plan for use of funds, and assurance of compliance with state and/or federal laws and regulations.

FOUNDATION LEVEL: The General State Aid Formula for 1983-1984 provides a foundation level of $1,752.64 per weighted pupil when the district has an operating tax rate equal to or in excess of 1.28 percent, 1.10 percent or 2.18 percent for elementary, high school, and unit districts, respectively. The foundation level is dependent upon the state appropriation for General State Aid.

GENERAL STATE AID CERTIFICATES: General State and Anticipation Certificates are short-term debt instruments which may be utilized by school districts. The borrowing limit is 75 percent of the General State Aid remaining to be paid any district during a fiscal year. However, the total amount of General State Aid Anticipation Certificates, Tax Anticipation Notes, and Tax Anticipation Warrants outstanding for any fiscal year may not exceed 85 percent of the taxes levied by the district for that year.

JOINT AGREEMENT AND/OR COOPERATIVE: An educational program or programs in which two or more local education agencies and/or eligible institutions of higher education agree to participate by uniting efforts in accordance with a written agreement, and by designating a fiscal and legal agent.

NONFEDERAL REVENUE: All revenue other than that from federal sources including local taxes, General State Aid, state categorical aids, tuition, admissions, fees, rentals, sale of food, textbook sales, sales of property, bond proceeds, and corporate personal property replacement funds.

OPERATING EXPENSE PER PUPIL: The gross operating cost of a school district (excepting summer school, adult education, bond principal, and capital expenditures) divided by the average attendance for the regular school term.

OPERATING TAX RATE: A school district's total tax rate less the tax rate for bond and interest, rent, special education construction, vocational education construction, summer school, and capital improvements. House Bill 1271 (1982) amended the definition for the operating tax rate. Districts may include tax rates extended for the payment of principal and interest on bonds issued for Fire Prevention, Safety, Environmental, and Energy (Section 17-2.11a) and working cash (Section 20-2) at the rate of .05 percent per year for each purpose or the actual tax rate extended, whichever is less.

PER CAPITA TUITION CHARGE: The amount a local school district charges as tuition to nonresident students as defined by Section 18-3 of The School Code of Illinois. This amount represents expenditures from local taxes and common school fund monies and is generated by deducting revenues for various state categorical programs, local user fees, and federal receipts from the operating expenses. The divisor is the average daily attendance during the regular school term.

PROGRAM COST DIFFERENTIALS (PCD): The Program Cost Differentials (PCD) is a structured process which enables school budget planners to identify the different combinations and quantities of resources that are necessary to meet the educational needs of students with different characteristics in school districts of different sizes.

REFUNDING BONDS: Bonds sold to repay other bond issues or the accrued interest on other bonds.

REGIONAL SUPERINTENDENT: The chief school officer, for the county or counties that comprise an educational service region, who exercises supervision and control over school districts and cooperatives within that region. There are 57 regional superintendents in Illinois.

RESOURCE COST MODEL (RCM): The Resource Cost Model (RCM) is a highly structured budget development process composed of two parts, the Program Cost Differentials (PCD) and the Cost of Education Indices (CEI), that enables policy-makers to identify differential school district level costs of a specified set and level of educational services.

SCHOOL PROBLEMS COMMISSION: A 17-member commission created by the General Assembly to survey and study the problems pertaining to the public schools in Illinois. A report is issued annually by the commission.

STATE AID FORMULAS: The formulas legislated by the General Assembly for apportioning General State Aid.

TAX ANTICIPATION NOTES: Notes may be issued in an amount not to exceed 85 percent of the taxes levied by the respective school district. The notes may bear an interest rate not exceeding nine percent, per annum, or 125 percent of the rate for the most recent data shown in the 20 General Obligation (G.O.) Bonds Index of average municipal bond yields as published in the most recent edition of The Bond Buyer, at the time the contract is made for the sale. No notes shall be issued during any fiscal year in which there are tax anticipation warrants outstanding against the tax levied for said fiscal year.

TAX ANTICIPATION WARRANTS: Warrants are issued by a school district in anticipation of the collection of taxes and may be issued to the extent of 85 percent of the total amount of the tax levied. These warrants must be repaid upon receipt of tax monies by the district and may bear an interest rate not exceeding the greater of nine percent, per annum, or 125 percent of the rate for the most recent data shown in the 20 General Obligation (G.O.) Bonds Index of average municipal bond yields as published in the most recent edition of The Bond Buyer, at the time the contract is made for the sale.

TAX EFFORT: The extent to which a local school district levies a local tax for schools.

TAX RATE LIMIT: The tax rate limit is the maximum tax rate that the county clerk may extend. Illinois law authorizes maximum tax rates without referendum, but districts may increase tax rates, within limits, subject to voter approval. A back-door referendum provision exists. When the board proposes a tax rate increase and it is not opposed by the required number of electors within a stated time period, then the board obtains the authority to increase the tax rate. A limited number of tax rates exist without a tax rate limit.

TEACHERS' ORDERS: Teachers' payroll warrants issued by a school district which may be cashed at a local bank. By agreement between the school district and the bank, the district will redeem the orders at some future date (with tax receipts) and pay the bank a stipulated rate of interest not exceeding the greater of nine percent, per annum, or 125 percent of the rate for the most recent data shown in the 20 General Obligation (G.O.) Bonds Index of average municipal bond yeilds as published in the most recent edition of The Bond Buyer, at the time the contract is made for the sale.

UNIT DISTRICT: A school district that encompasses all grade levels (Pre-K-12). A term used interchangeably with a 12-grade district.

WEIGHTED PUPILS: The use of weights, or factors, to provide different funding levels for pupils with varying educational needs. In the General State Aid law, grade Pre-K-6 pupils are weighted 1.00, grade 7-8 pupils are weighted 1.05, and grade 9-12 pupils are weighted 1.25. ECIA-Chapter 1 pupils provide an additional weighting depending on the percent of Chapter 1 eligible pupils in the district. The additional formula weighting for ECIA-Chapter 1 pupils ranges from zero to a maximum of .625.

CODE 35 050 1600 17
REGION 35 LA SALLE EDUCATIONAL SERVICE REG
DISTRICT NAME SENECA TWP H S

APPENDIX C
ILLINOIS STATE BOARD OF EDUCATION
Department of Finance and Reimbursements
Reimbursements Section
100 North First Street
Springfield, Illinois 62777

GENERAL STATE AID ENTITLEMENT FOR 1983-1984

INSTRUCTIONS: Complete in triplicate and submit white and pink copies to your Regional Superintendent by June 20, who will forward the white copy to the address at top of form by July 13. Please insure that Line 1, Column 1; Line 9, Column 2; and Line 11 are completed or this claim will be rejected.

PART I **SUPPORTING DATA**

CLAIMABLE PUPILS ONLY: (Pupils Claimed Under Section 18-8)

LINE	CALENDAR BEGIN Mo. Day (1)	CALENDAR END Mo. Day (2)	DAYS ATTENDED PRE KINDERGARTEN (Handicapped) (3)	KINDERGARTEN (4)	ELEMENTARY 1-6 (5)	ELEMENTARY 7-8 (6)	HIGH SCHOOL 9-12 (7)	TOTALS Columns (3) (4) (5) (6) (7) (8)	DAYS SCHOOL WAS IN SESSION (9)	ADA TOTAL COL. 8 ÷ COL. 9 (10)
1	8-23	9-30					6,864.0	6,864.0	27	254.22
2	10-1	10-31					5,113.0	5,113.0	20	255.65
3	11-1	11-30					4,515.0	4,515.0	18	250.83
4	12-1	12-31					4,010.0	4,010.0	16	250.62
5	1-1	1-31					5,029.5	5,029.5	20	251.47
6	2-1	2-28					4,932.5	4,932.5	20	246.62
7	3-1	3-31					5,434.0	5,434.0	22	247.00
8	[illegible]1	4-30					3,717.0	3,717.0	15	247.80
9	5-1	5-26					4,504.0	4,504.0	18	250.22
10	TOTALS						44,119.0	44,119.0	176	250.67

11 ADA of resident pupils for whom tuition is paid to another local education agency included above on Line 10, Column 10 (see instructions before completing) 3.30

NON-CLAIMABLE PUPILS: (Pupils Claimed Under Sections 14-7.03, 18-3, and Tuition Pupils)

12	Nine Month TOTALS						

BEST THREE MONTHS ATTENDANCE DATA (For Claimable Pupils Only)
Determine best 3 months ADA from Col. (10) and copy the month number into Col. (11). Copy data from Cols. (3), (4), and (5) into Col. (12); Col. (6) data into Col. (13); Col. (7) data into Col. (14); and Col. (9) data into Col. (15).

	BEST 3 MONTHS LINE NUMBER (11)	(PRE K - 6) COL. (3) PLUS COL. (4) PLUS COL. (5) (12)	(7-8) COL. (6) (13)	(9-12) COL. (7) (14)	DAYS SCHOOL WAS IN SESSION COL. (9) (15)
13	02			5,113.0	20
14	01			6,864.0	27
15	05			5,029.5	20
16	Totals			17,006.5	67

AFFIDAVIT

We, the undersigned, do solemnly swear (or affirm) that the foregoing statements are true to the best of our knowledge and belief, that said school district has complied with the requirements of The School Code of Illinois as set forth in Sections 10-19, 10-20.12, 10-22.5, 18-12, 24-4, 27-3, 27-4, and 27-21, and has in all other respects conducted school according to law.

Date ______ Signature of Superintendent, Principal or Teacher

Date ______ Signature of Clerk or Secretary of School Board

Date ______ Signature of Regional Superintendent

17.	Pre K-6 ADA Line 16, Col. (12) ÷ Line 16, Col. (15)	
18.	7-8 ADA Line 16, Col. (13) ÷ Line 16, Col. (15)	
19.	7-8 WADA Line 18 x 1.05	
20.	9-12 ADA Line 16, Col. (14) ÷ Line 16, Col. (15)	253.82
21.	9-12 WADA Line 20 x 1.25	317.27
22.	1982-1983 District WADA (Line 17 plus Lines 19 and 21)	317.27
23.	1981-1982 District WADA	323.77
24.	1980-1981 District WADA	341.70 27
25.	1982-1983 Title I Eligibles	20
26.	1981 Real Property Equalized Assessed Valuation (EAV)	$ 363,007,389
27.	1981 Corporate Personal Property (CPP) Replacement Payments*	$ 234,010.03
28.	1977 Total Tax Rate	0.873800 %

* Received during calendar year 1982

29.	1981 CPP Replacement EAV (Line 27 ÷ Line 28)	$ 26,780,731
30.	1981 General State Aid EAV (Total of Lines 26 and 29)	$ 389,788,120
31.	1981 Actual Operating Tax Rate	0.295800 %
32.	General State Aid Entitlement for 1982-1983	$ 39,225.16

SCHOOL CALENDAR DATA

Days school was in session (Line 10, Column 9)	176
Approved Institute(s) and or Workshop(s) (Not to exceed four)	3
Approved Parent-Teacher Conference Day(s) (Not to exceed two)ª	1
Approved Act of God Day(s)	
Approved Energy Emergency Day(s)	
Total Days^b	180

ª See instructions for explanation
b Must be 180 or more or penalty will be applied (Section 18-12, The School Code of Illinois)

CODE 35 050 1630 17
REGION 35 LA SALLE EDUCATIONAL SERVICE REG
DISTRICT NAME SENECA TWP H S

APPENDIX C, CONT.

GENERAL STATE AID ENTITLEMENT FOR 1983-1984

Part II COMPUTATIONAL DATA

1	District Average WADA		
A	1982-1983 District WADA (Part I, Line 22)	317.27	
B	1981-1982 District WADA (Part I, Line 23)	323.77	
C	1980-1981 District WADA (Part I, Line 24)	341.70	
D	Total District WADA (Total of Lines A, B, and C above)		982.74
E	District three-year average (Line D above divided by the Figure 3)		327.58
2	District TWADA		
A	District 1982-1983 Chapter 1 Eligibles (Part I, Line 25)		27.06
B	District 1981-1982 Title I Eligibles		20.00
C	Line 2B × .85		17.00
D	Greater of Eligibles (Greater of Line 2A or Line 2C)		27.06
E	District 1982-1983 WADA (Part II, Line 1A)		317.27
F	District Percent Low-Income Eligibles of WADA (Line 2D divided by Line 2E)		8.51 %
G	State Average Percent Chapter 1 Eligibles of WADA		18.58 %
H	Line 2F divided by Line 2G		.4580
I	Line 2H × .53 (Maximum .625)		.2427
J	Line 2I × Line 2D		6.55
K	TWADA (Line 2J + Greater of (Part II, Line 1A or Line 1E))		334.13
3	District Equalized Assessed Valuation (EAV) per TWADA		
A	District 1981 General State Aid Equalized Assessed Valuation (Part I, Line 30)		$ 389,788,120
B	Line 3A divided by Line 2K		$ 1,166,576.24
4	District 1981 Operating Tax Rate with Full Access		
A	Maximum Operating Tax Rate (1.90% Elem., 1.10% High School, 2.92% Unit)	1.100000 %	
B	District 1981 Actual Operating Tax Rate (Part I, Line 31)	.295800 %	
C	District 1981 General State Aid Operating Tax Rate (Line 4A unless Line 4B is < 1.28% in Elem., 1.10% in High School or 2.18% in Unit)		0.295800 %
5	State Guaranteed EAV per TWADA		
A	Foundation Level	$ 1,752.64	
B	Maximum Operating Tax Rate	1.100000 %	
C	State Guaranteed EAV per TWADA (Line 5A ÷ Line 5B)		$ 159,330.90

Part III SPECIAL EQUALIZATION

1	District TWADA (Part II, Line 2K)	334.13
2	State Guaranteed Resources	
A	State Guaranteed EAV per TWADA (Part II, Line 5C)	$ 159,330.90
B	District EAV per TWADA (Part II, Line 3B)	$ 1,166,576.24
C	State Guarantee (Line A − Line B (zero, if negative))	$
3	District 1981 GSA Operating Tax Rate (Part II, Line 4C)	.295800 %
4	1983-1984 Entitlement (Product of Lines 1, 2C, and 3)	$

Part IV ALTERNATE METHOD

1	District TWADA (Part II, Line 2K)	334.13
2	State Guaranteed EAV per TWADA (Part II, Line 5C)	$ 159,330.90
3	Line 2 × .87	$ 138,617.88
4	District EAV per TWADA (Part II, Line 3B)	$ 1,166,576.24
5	Line 3 ÷ Line 4 (If greater than 1.0000, Part IV not applicable)	.1188
6	Line 5 × (.13 × Part II, Line 5A)	$ 27.06
7	1983-1984 Entitlement (Line 1 × Line 6)	$ 9,041.55

Part V FLAT GRANT

1	District TWADA (Part II, Line 2K)	334.13
2	Foundation Level (Part II, Line 5A)	$ 1,752.64
3	Line 2 × .07	$ 122.68
4	1983-1984 Entitlement (Line 1 × Line 3)	$ 40,991.06

Part VI SUMMARY OF 1983-1984 ENTITLEMENT

1	Special Equalization Entitlement (Part III, Line 4)	$
2	Alternate Method Entitlement (Part IV, Line 7)	$ 9,041.55
3	Flat Grant Entitlement (Part V, Line 4)	$ 40,991.06
4	Greatest of Lines 1, 2, or 3 above	$ 40,991.06
5	Maximum Entitlement (1982-1983 Entitlement × 135%)	$ N/A FOR THIS YEAR
6	General State Aid Entitlement for 1983-1984 (Lesser of Line 4 or 5 above)	$ 40,991.06
7	Adjustments*	

CODE	AMOUNT
02	$ 13,075.24-

	Total	$ 13,075.24
8	Net 1983-1984 Entitlement (Line 6 + Line 7 above)	$ 27,915.82

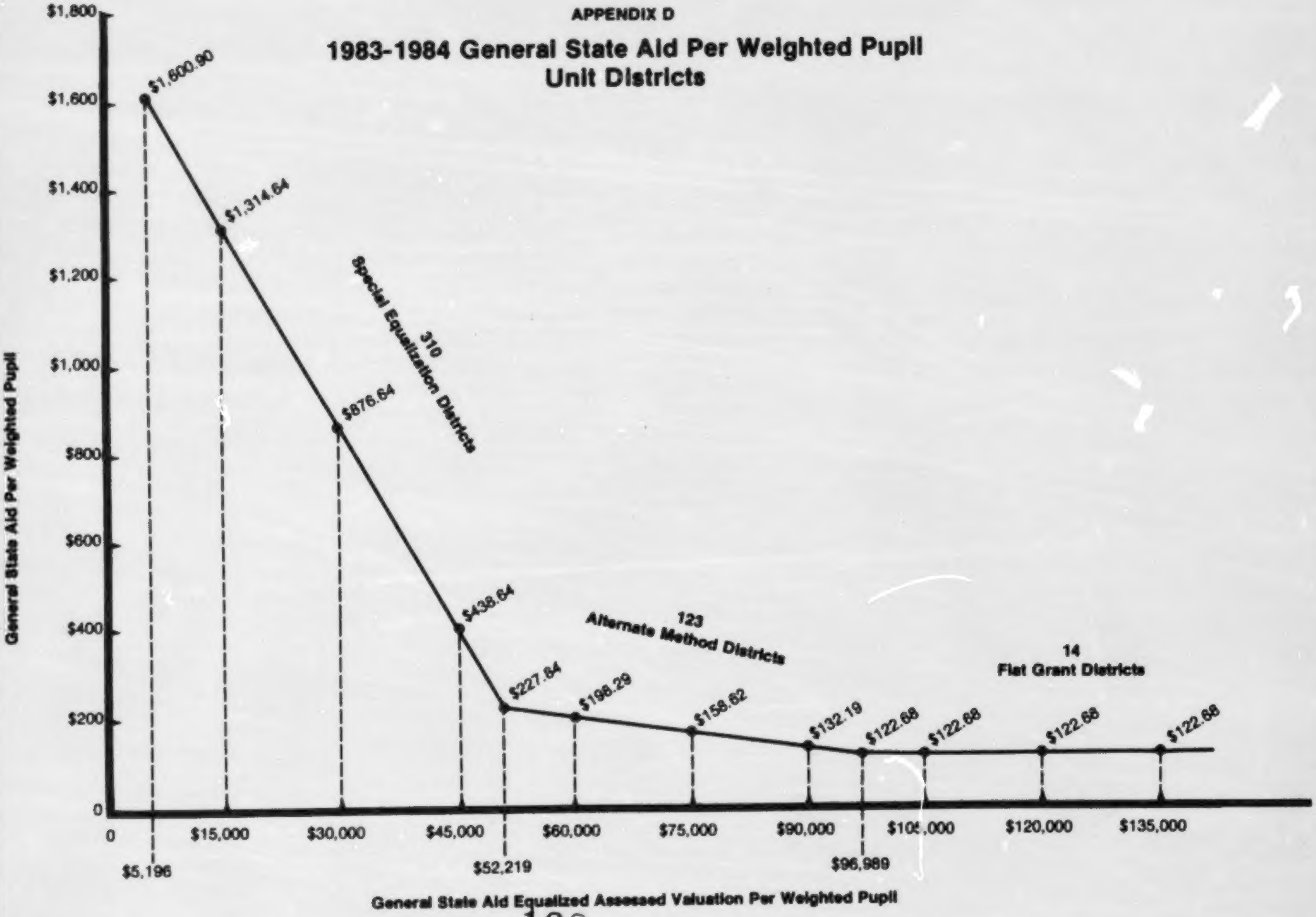
* See Instructions for Explanation

ILLINOIS STATE BOARD OF EDUCATION

BEST COPY AVAILABLE

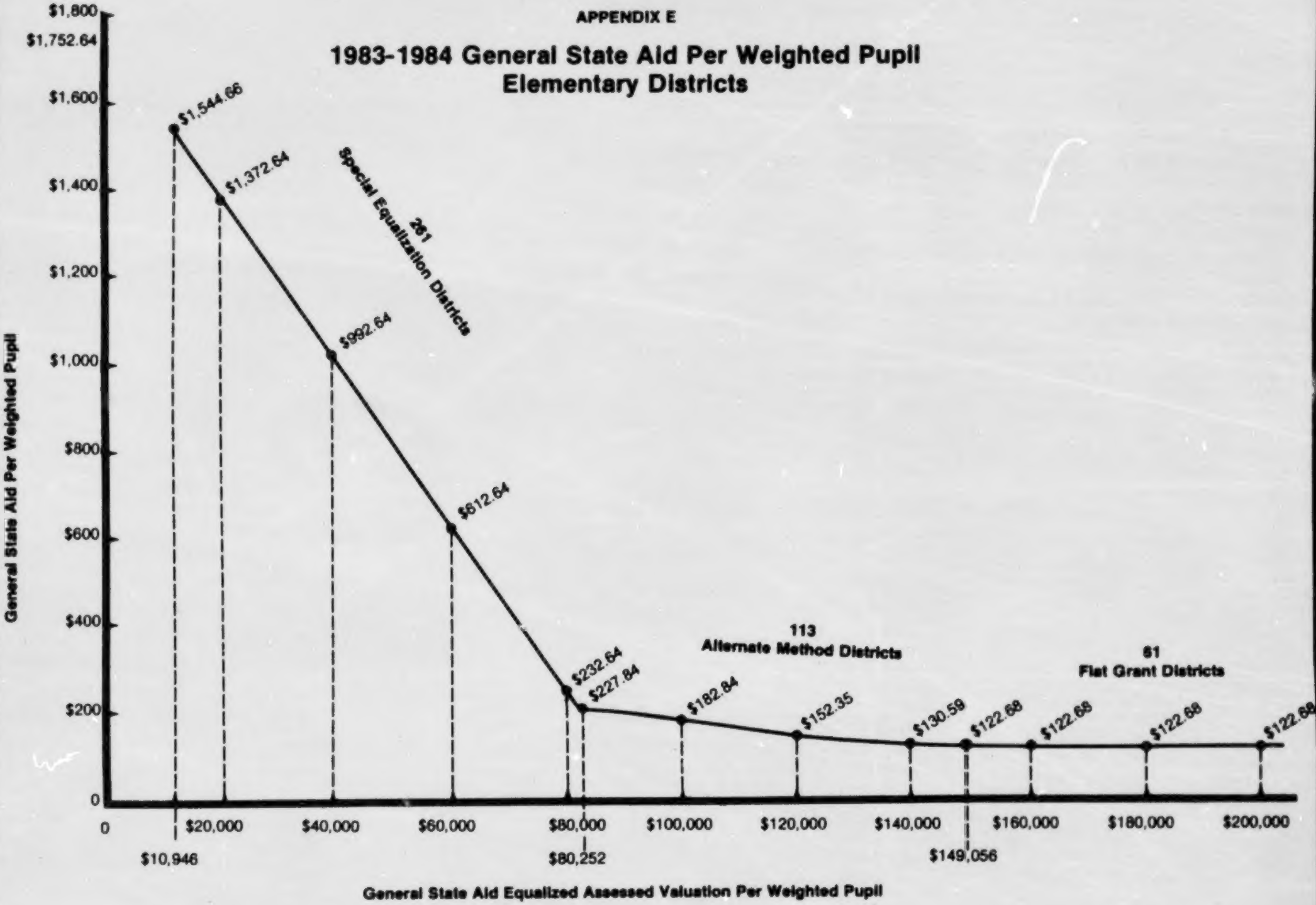
APPENDIX D

1983-1984 General State Aid Per Weighted Pupil
Unit Districts



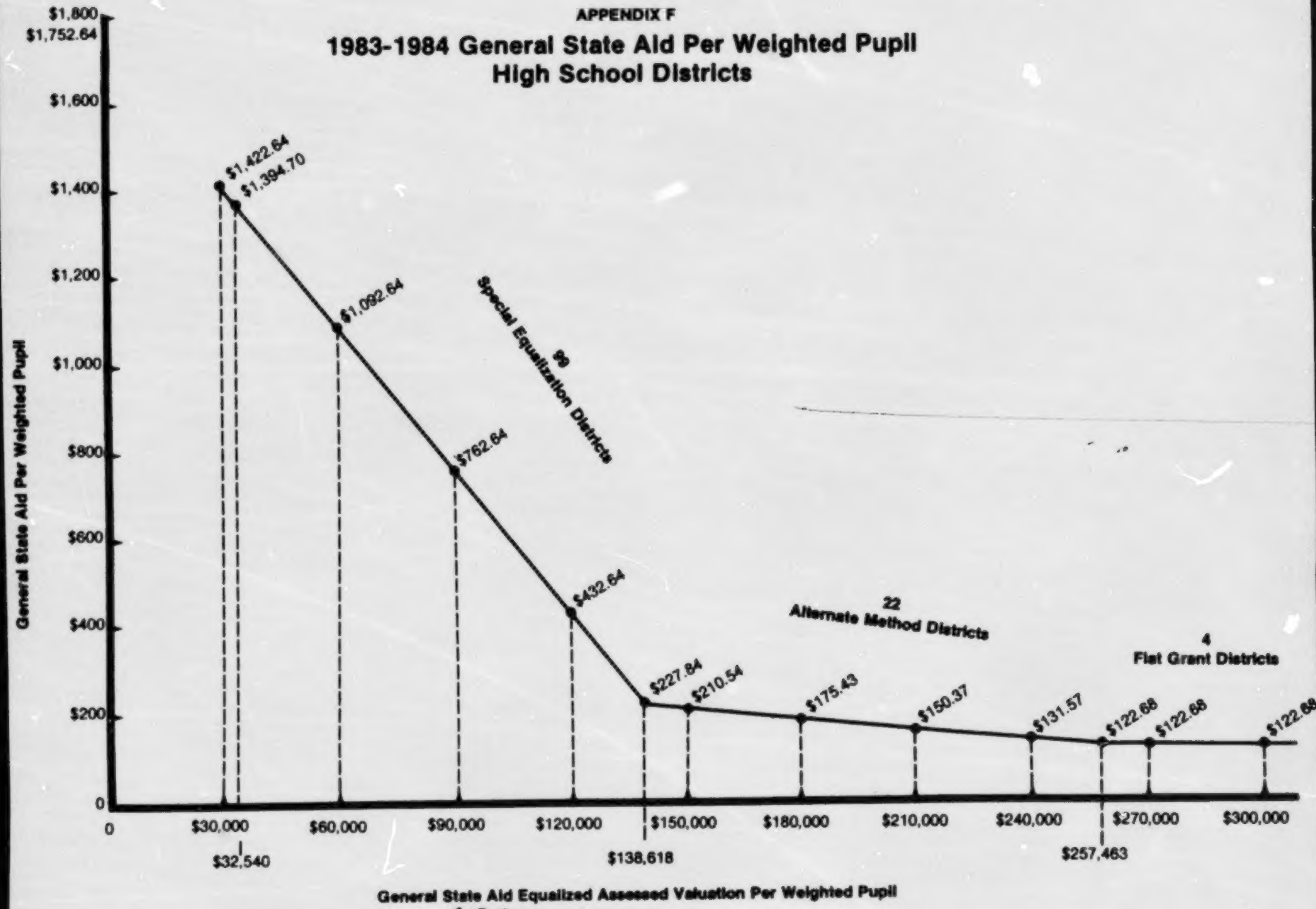
APPENDIX E

1983-1984 General State Aid Per Weighted Pupil
Elementary Districts



APPENDIX F

1983-1984 General State Aid Per Weighted Pupil
High School Districts



APPENDIX G
ANNUAL FINANCIAL REPORT
(ISBE 50-35)

INDIRECT COST RATE FOR FEDERAL PROGRAMS
APPLICABLE FOR THE FISCAL 84 PROGRAM YEAR

CODE 48072150025
COUNTY PEORIA
DIST. PEORIA SCH DIST 150

		RESTRICTED PROGRAM		UNRESTRICTED PROGRAM		
		A	B	C	D	E
	FUNCTION	INDIRECT COSTS	DIRECT COSTS	INDIRECT COSTS	DIRECT COSTS	TOTAL COSTS
INSTRUCTION	100		25,739,123.00		25,739,123.00	25,739,123.00
SUPPORT SERVICES	200					
PUPILS	210		3,047,463.00		3,047,463.00	3,047,463.00
INSTRUCTIONAL STAFF	220		1,737,997.00		1,737,997.00	1,737,997.00
GENERAL ADMINISTRATION	230		325,859.00		325,859.00	325,859.00
SCHOOL ADMINISTRATION	240		2,984,771.00		2,984,771.00	2,984,771.00
BUSINESS	250					
DIRECTION OF BUSINESS SPT. SRV.	251	177,079.00		177,079.00		177,079.00
FISCAL SERVICES	252	171,067.00		171,067.00		171,067.00
OPER. & MAINT. PLANT SERVICES	254		7,314,615.00	7,245,023.00	69,592.00	7,314,615.00
PUPIL TRANSPORTATION	255		1,475,937.00		1,475,937.00	1,475,937.00
FOOD SERVICES	256		782,222.40		782,222.40	782,222.40
INTERNAL SERVICES	257	700,733.00	92,025.00	700,733.00	92,025.00	792,758.00
OTHER	259	182,706.00	29,150.00	182,706.00	29,150.00	211,856.00
CENTRAL	260					
DIRECTION OF CENTRAL SPT. SRV.	261		79,911.00		79,911.00	79,911.00
PLAN, RSRCH, DVLP, EVAL. SRV.	262		84,070.00		84,070.00	84,070.00
INFORMATION SERVICES	263		1,089,188.00		1,089,188.00	1,089,188.00
STAFF SERVICES	264	137,720.00		137,720.00		137,720.00
STATISTICAL SERVICES	265					
DATA PROCESSING SERVICES	266	296,173.00		296,173.00		296,173.00
OTHER	269		198,182.00		198,182.00	198,182.00
OTHER	290		135,454.00		135,454.00	135,454.00
COMMUNITY SERVICES	300		58,450.00		58,450.00	58,450.00
TOTAL		1,665,478.00	45,174,417.40	8,910,501.00	37,929,394.40	46,839,895.40

RESTRICTED RATE

COL. A = 1,665,478.00
COL. B = 45,174,417.40 = 3.68%

UNRESTRICTED RATE

COL. C = 8,910,501.00
COL. D = 37,929,394.40 = 23.49%

APPENDIX H
SUPPLEMENTARY FINANCIAL INFORMATION
FINANCIAL DATA TO ASSIST INDIRECT COST RATE DETERMINATION

CODE ____________
COUNTY Peoria
DISTRICT NAME Board of Education of the City of Peoria
DISTRICT NUMBER 150
STREET 3202 N. Wisconsin
CITY Peoria ZIP CODE 61603

INSTRUCTIONS FOR COMPLETING FINANCIAL DATA INDIRECT COST RATE DETERMINATION

Indirect cost rates are computed from information provided within the body of the Annual Financial Report. However, it is necessary that certain expenditure accounts be further subdivided to identify Federal program activities.

Enter the disbursements/expenditures included within each function account that were charged to and reimbursed from any Federal grant program. Also include all amounts paid to or for other employees within each function account that work with Federal grant programs in the same capacity as those charged to and reimbursed from Federal grant programs. For example, if a district received funding from ESEA, Title I, for a program director, the salaries of all other Federal grant program directors included in that function account must be included. Also include any benefits and/or purchased services paid on or to persons whose salaries are classified as direct costs in the function accounts that are listed.

DO NOT LEAVE ANY SPACES BLANK. Enter a zero on all lines where no costs are charged.

Section 1 Restricted Programs*

This section is applicable to Federal programs which restrict expenditures to those which "supplement but do not supplant" State or local effort. Some examples of restricted programs are ESEA, Titles I, IVB, IVC, and Title I-B of the Vocational Education Act.

A. Support Services - Direct Costs (1-200) and (5-200)

1. Direction of Business Support Services (1-251) and (5-251) . . . . $ -0- (2793)
Enter the cost included within the Function (1-251) and (5-251) Accounts, Direction of Business Support Services, charged directly to and reimbursed from Federal grant programs.

2 Fiscal Services (1-252) and (5-252) . . . . $ -0- (2794)
Enter the cost included within the Function (1-252) and (5-252) Accounts, Fiscal Services, charged directly to and reimbursed from Federal grant programs.

3. Internal Services (1-257) and (5-257) . . . . $ 92,025 (2795)
Enter the cost included within the Function (1-257) and (5-257) Accounts, Internal Services, charged directly to and reimbursed from Federal grant programs.

4. Other Support Services, Business (1-259) and (5-259) . . . . $ -0- (2796)
Enter the cost included within the Function (1-259) and (5-259) Accounts, Other Support Services - Business, charged directly to and reimbursed from Federal grant programs.

5. Staff Services (1-264) and (5-264) . . . . $ -0- (2797)
Enter the cost included within the Function (1-264) and (5-264) Accounts, Staff Services, charged directly to and reimbursed from Federal grant programs.

6. Statistical Services (1-265) and (5-265) . . . . $ -0- (2798)
Enter the cost included within the Function (1-265) and (5-265) Accounts, Statistical Services, charged directly to and reimbursed from Federal grant programs.

7. Data Processing Services (1-266) and (5-266) . . . . $ -0- (2799)
Enter the cost included within the Function (1-266) and (5-266) Accounts, Data Processing Services, charged directly to and reimbursed from Federal grant programs.

8. Other Support Services, Central (1-269) and (5-269) . . . . $ 185,538 (2800)
Enter the cost included within the Function (1-269) and (5-269) Accounts, Other Support Services - Central charged directly to and reimbursed from Federal grant programs.

Section 2 Unrestricted Programs*

This section is applicable to Federal programs whose funds may be used either to supplement, and/or supplant local funds.

B. Support Services - Direct Costs (1, 2, and 5-200)

9. Operation and Maintenance of Plant Services (1, 2, and 5-254) . . . . $ 69,592 (2801)
Enter the cost included within the Function (1-254), (2-254), and (5-254) Accounts, Operation and Maintenance of Plant Services, charged directly to and reimbursed from Federal grant programs.

* ALL CAPITAL OUTLAY MUST BE EXCLUDED

APPENDIX I

SUPPLEMENTARY FINANCIAL INFORMATION - OPERATING EXPENSE PER PUPIL AND PER CAPITA TUITION CHARGE COMPUTATIONS

	FUND	PAGE	LINE	COL.			
A.	**Total Expenditures**						
1.	ED	33	72	9	Total Expenditures	$ 42,805,749	
2.	OBM	35	22	9	Total Expenditures	5,488,706	
3.	B&I	36	16	9	Total Expenditures	420,766	
4.	TR	37	19	9	Total Expenditures	2,012,263	
5.	MR	41	67	9	Total Expenditures	1,205,186	
6.	RENT	43	5	9	Total Expenditures	2,951,600	
7.	Total (Lines 1 through 6)						$ 54,884,270
B.	**Less Receipts/Revenues or Disbursements/Expenditures not Applicable to Operation Expense of Regular Program**						
8.	TR	16	38	4	Reg. Trans. Fees from Other Districts	$	
9.	TR	16	42	4	Summer School Transportation Fees		
10.	TR	16	44	4	Area Voc. Educ. Trans. Fees from other Dist.		
11.	TR	16	48	4	Spec. Educ. Trans. Fees from other Districts		
12.	TR	16	51	4	Adult/Continuing Educ. Trans. Fees		
13.	ED	31	19	1,2,3,4,6	Summer School	86,829	
14.	MR	39	19	2	Summer School		
15.	ED	30	16	1,2,3,4,6	Adult Education	259,000	
16.	MR	38	16	2	Adult Education		
17.	ED	33	72	5	Capital Outlay	527,213	
18.	ED	33	72	7	Transfers		
19.	ED	33	72	8	Tuition	692,134	
20.	ED	33	62	3,6	Non-Programmed Charges	334,965	
21.	OBM	35	22	5	Capital Outlay	807,304	
22.	OBM	34	13	9	Non-Programmed Charges		
23.	B&I	36	16	7	Transfers	161,372	
24.	B&I	36	12	6	Bond Principal Retired	220,000	
25.	TR	37	19	5	Capital Outlay	529,356	
26.	TR	37	10	9	Non-Programmed Charges	111,713	
27.	RENT	43	2	9	Non-Programmed Charges		
28.	Total Deductions (Lines 8 through 27)						3,729,886
29.	Operating Expenses Regular K-12 (Line 7 minus Line 28)						51,154,384
30.	Average Daily Attendance (See below)					16,788.52	
31.	Operating Expense Per Pupil (Line 29 divided by Line 30)						$ 3,046.99
C.	**Less Offsetting Receipts/Revenue:**						
32.	TR	20	83	4	State Trans-Aid	$ 585,278	
33.	ED-OBM	20	84	1,2	Driver Education	166,022	
34.	ED-OBM	20	85	1,2	Special Education	2,561,645	
35.	ED-TR	20	87	1,4	Bilingual Education		
36.	ED-OBM	20	88	1,2	Vocational Education Basic Formula	275,527	
37.	ED-OBM	22	89	1,2	Vocational Education Grants		
38.	ED	22	90	1	Gifted Education	51,044	
39.	OBM	24	120	2	Federal Adult Education		
40.	OBM	22	91-92	2	State Adult Education		
41.	ED-OBM	22	94	1,2	Division of Vocational Rehabilitation	26,685	
42.	ED	22	97	1	School Lunch Aid	118,151	
43.	B&I	22	99	3	Capital Development Board-Interest		
44.	ED-OBM-TR-MR	22,23	101	1,2,4,5	Other Grants and Aid		
45.	ED-OBM-TR-MR	24,25	119	1,2,4,5	Restricted Grants-in-Aid from Fed. Gov.		
46.	ED-OBM	26	123	1,2	Vocational Education	49,700	
47.	ED-OBM	18	57	1,2	Rentals	125,171	
48.	ED-OBM-TR-MR	26,27	133	1,2,4,5	Elementary Secondary Education Act	1,781,591	
49.	ED-OBM-TR-MR	26,27	138	1,2,4,5	Education for the Handicapped Act		
50.	ED	28	145	1	School Lunch Program	977,045	
51.	ED-OBM	28	146	1,2	Division of Vocation Rehabilitation		
52.	ED-OBM-TR-MR	28,29	147	1,2,4,5	Other Grants and Aid	2,269,454	
53.	ED-OBM-TR-MR	28,29	152	1,2,4,5	Federal Revenue Received Through Intermediate Sources	205,728	
54.	TR	16	37	4	Reg. Trans. Fees from Pupils or Parents	44,227	
55.	TR	16	39	4	Reg. Trans. Fees from Private Sources	14,064	
56.	TR	16	40	4	Reg. Trans. Fees-co-curricular		
57.	TR	16	43	4	Area Voc. Trans. Fees from Pupils or Parents		
58.	TR	16	45	4	Area Voc. Trans. Fees from Private Sources		
59.	TR	16	47	4	Spec. Educ. Trans. Fees from Pupils or Parents		
60.	TR	16	49	4	Spec. Educ. Trans. Fees from Private Sources		
61.	ED	18	54	1	Food Services	943,227	
62.	ED-OBM	18	55	1,2	Pupil Activities	75,866	
63.	ED	18	56	1	Textbooks	316,940	
64.	ED-OBM-TR	18	60	1,2,4	Services Provided Other LEA's	799	
65.	Total Deductions for Tuition Computation (Lines 32 through 64)						$ 10,588,164
66.	Net Operating Expense for Tuition Computation (Line 29 minus 65)						40,566,220
67.	Add Total Depreciation Allowance (Page 48, Col. F.)						2,164,576
68.	Total Allowance for Tuition Computation (Line 66 plus Line 67)						42,730,796
69.	Average Daily Attendance (See below)					16,788.52	
70.	Per Capita Tuition Charge (Line 68 divided by Line 69)						$ 2,545.24

COMPUTATION FOR AVERAGE DAILY ATTENDANCE (Lines 30 and 69) — The Source Document for this Computation is the General State Aid Entitlement for 1982-1983 (ISBE Form 50-11)

A. Claimable pupils (Line 10, Column 9)	16,680.79
B. Less ADA of pupils included on Line 11	99.52
C. Plus ADA of nonclaimable pupils (Line 21, Column 9)	207.25
D. Total ADA for Per Capita Tuition Charge	16,788.52

**Illinois
State Board of
Education**

100 North First Street
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